State of the Somerset Economy 2013

Produced by Marchmont Observatory
for Somerset County Council

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PREFACE

This State of the Somerset Economy 2013 report refreshes and extends the State of the Somerset Economy: An Economic Profile report published in June 2010 (EKOSGEN, 2010). Crucially this new commission incorporates updated statistics for Gross Value Added – the principal indicator of economic performance - for 2011 and also a broad range of analyses on Somerset's historical and projected economic performance drawing on the Heart of the South West Economic Model produced by Oxford Economics. It also draws upon results emerging from the 2011 Census which allows more detailed geographies than hitherto provided. Further opportunities to update analysis as a result of 2011 Census data will be scheduled and will include: Travel to Work, migration and workplace population analysis.

The publication is essentially a statistical document containing the essential compendia of official statistics and other research. While some commentary and narrative summing up the key observations and trends has been provided, it is anticipated that the document will be instructive in developing the emerging growth plans.

The document has been prepared by the Marchmont Observatory at the University of Exeter. It comprises the following chapters:
Economic Geography
Demography
Economic Structure
Business Competitiveness
Performance of Somerset Businesses
Economic Performance
Economic Projections
Demand for skills, education and training
Workforce Competitiveness: supply of labour
Prosperity, quality of life and social exclusion
Area competitiveness: attractiveness to business
Conclusions

Each chapter is preceded by key points highlighting the main observations to be drawn from the chapter. The Conclusions chapter draws these key points together to consider what they mean in terms of Somerset's strategic priorities.

EXECUTIVE SUMMARY: SOMERSET, A SUCCESSFUL ECONOMY?

This report looks at the key economic indicators and the trends in performance of the Somerset economy. Here, a reflection is provided on what that means in terms of the strengths and weaknesses for the economy and future threats and opportunities.

Successes

The Somerset Economy is, indeed, successful in a number of respects.

Firstly, it keeps most of its economically-active residents in work. Unemployment rates are lower than the national average, with ILO unemployment at 4% whilst the claimant count also remains low at 2.3%. Although employment has grown and fallen in line with the national picture up to 2011, Mendip and West Somerset continued to see employment growth in more recent times.

Somerset also delivers a high quality of life. The majority of Somerset's districts are at the non-deprived end of the scale and on a variety of measures it scores well on quality of life. A general trend of net inward migration also attests to the relative attractiveness of Somerset as a place to live and work.

GVA growth rates in Somerset were consistent with year-on-year growth between 2000 and 2007 resulting in an expansion of 24% in real terms over the period, in line with the UK average. Whilst contracting between 2007 and 2009, growth in Somerset has exceeded the UK with 5.8% in Somerset and 3.2%in the UK between 2009 and 2011. The Somerset economy is therefore marginally (0.4%) larger than in 2007 and the UK economy is 1.8% smaller.

So what underlies this apparent success?

Firstly, the County has benefited from growth. The value of economic output was marginally higher in 2011 whilst it was lower nationally. In the recovery from recession, there has been a balanced growth across most sectors.

Somerset also benefits from its location and has an attractive working environment and heritage that is vital in terms of attracting inward investment. Connectivity to other economic centres is a key consideration for inward investors and proximity to London (and other conurbations) in terms of time and distance has been shown to have a positive impact on productivity. This connectivity also clearly offers employment opportunity to residents who commute out of Somerset to work in Bristol and other areas along the M4 corridor.

To some extent, the County has also benefited from its mixed economy. The lack of intense specialisation may have protected the economy from the prevailing economic conditions. Nor does Somerset contain any areas with significant economic problems or severe deprivation. Whilst pockets of poverty and deprivation certainly exist and need to be addressed, they remain just pockets in an otherwise successful economy, and do not represent a significant challenge to the social and economic fabric of the County.

There are also some strong indicators in terms of overall skills levels and particularly mid - level skills, and a reasonable proportion of its workforce in managerial/senior roles, skilled trades and technical occupations. There are indications of improvement in qualifications levels in the workforce and the attainment levels of 19 year old have improved steadily since 2005 so that more 19 year olds achieve the equivalent of two A levels than is the case nationally.

Weaknesses in the economy

We have so far looked at the ways in which the Somerset economy has been successful. In many ways, based on its location, its physical environment and its economic structure, it has succeeded in avoiding some of the worst adverse affects of the current economic downturn. But it does have a number of weaknesses and these weaknesses may impede Somerset's ability to generate new economic activity and support better local growth performance in the coming years.

Weaknesses in economic performance

The evidence presented in the *State of the Somerset Economy 2013* report shows that, in some respects, Somerset has fared worse than the national economy. The business base is smaller post-recession and there is a range of indicators which suggest constrained growth and economic performance:

- The County's business population has contracted over the last three of years with the stock of enterprises in 2011, 4% lower than the 2008 peak. While the business stock nationally increased marginally (by less than 1%) between 2008 and 2011, it decreased in all but one of Somerset's benchmark local authorities.
- Though unemployment rates are low, the County has actually seen a net loss of jobs. There are fewer jobs than before the recession, with employment levels and rates only holding up due to a fall in the population during the worst years of the recession.
- Business confidence is down on last year. Businesses have identified a number of barriers to business growth[1]: lack of consumer demand (36%); difficulties in accessing finance (26%); external restrictions (planning, licensing, regulations) (16%); lack of suitable staff (15%); lack of investment (14%).

- Whilst unemployment is significantly below the national average, there are concerns that much unemployment remains hidden. Sheffield Hallam University has produced local estimates of the real incidence of unemployment which puts Somerset's real level of unemployment at 6.6% in April 2012. Whilst this is below the Great Britain average, it reveals a more pessimistic labour market picture. There is also increasing evidence of underemployment with significant numbers of Somerset residents (25,000) thought to be underemployed (those who would like to work longer hours). Underemployment affects household incomes and impedes productivity.

- Productivity is an important measure of the efficiency of an economy and has traditionally been around 20 per lower in Somerset than the UK average. This has not changed significantly in recent years.

- The density of the business population in terms of the number of new businesses created and the existing business stock, in relation to population, is a commonly accepted measure of business dynamism. Somerset has a relatively low rate of new business formation.

Weaknesses in the Workforce

Examining the workforce with the same critical focus we find that:

- Somerset has a lower proportion of its workforce in managerial and professional occupations but a higher proportion in lower-skilled occupations.

- There is an under-representation of employment in some key growth sectors such as finance and business services.

[1] Heart of the South West Business Survey (SERIO, 2012)

- The County performs poorly on some education indicators and there is a particular issue in terms of the relative poor performance in higher level skills.
- The County's workforce has lower average earnings than the national average.

Economic Structure

Overall, a closer look at the economic and business performance of the County shows, perhaps, a lack of dynamism. This is particularly evident in the low rates of new business formation in the County. The root of the answer is complex but lies essentially in Somerset's geography and its economic structure. So what factors might account for this?

Despite its strong cultural identity, Somerset has been described as a county of many economies. The analysis reveals that, in terms of growth, employment and economic structures the areas of Somerset share different fortunes. The County has not relied on one single employment centre and it is not unusual for administrative areas of this scale to have a number of different economic zones with differing characteristics.

These diverse characteristics are, however, extreme and that potentially makes strategic planning a challenge. Bridgwater, Taunton and Yeovil are relatively self-contained with little economic flow between them. Beyond this, the Somerset economy is centred on many smaller market towns that provide local services and retail to smaller rural hinterlands. The deeply rural economy such as West Somerset and smaller parts of the rest of the County have few service centres, making accessibility challenging. This part of the economy is characterised by low wages and insecure employment and, as commonly seen elsewhere, contains small pockets of deprivation masked by more affluent areas.

The local economic structure is biased towards production industries such as manufacturing, food and drink and agriculture – with relative under-representation of key growth sectors such as business services and finance.

A high degree of specialised industry and dependence on one or more sectors can be problematic. To that extent, a mix and spread of industries can ensure resilience in the face of economic pressures. The industrial structure is fairy mixed which means that the County is not highly dependent on any particular industry. However, the flip side is that Somerset lacks a significant growth pole with the critical mass to generate dynamic growth companies. Benefits can be gained from clusters and encouraging knowledge exchange and innovation which, in turn, can lead to the benefits of agglomeration. As such, an ideal situation is often considered to be one where an area has a number of different specialisms. With the exception of the aerospace sector and some engineering specialisms, there is an absence of the major dynamic clusters necessary for innovation and growth.

The stock of industrial floor space has fallen in some parts of the County and this may place pressures on future development. Anecdotal evidence suggests that, throughout much of the County, there is a healthy demand for premises but in some places "businesses are often frustrated by the shortage of suitable available employment units, and freehold land within those employment areas, for development" (District Economic Development Officer). The supply of retail units currently exceeds demand, leading to a growing number of vacancies but the ageing retail stock is often ill-matched to the needs of modern businesses.

Somerset has a productivity gap when measured against the national economy, and this is potentially a structural weakness. A significant portion of the manufacturing activity is low value added production and is therefore vulnerable to low cost competition from overseas. Replacing low value activity with higher value added activity will, therefore, be critical over time to protect Somerset's economy.

Yet, whilst the wide gap between the County and national productivity levels is, in part, accounted for by the presence of less productive sectors (such as food and drink), it is also likely some of the explanation lies in working practices and hours worked. This may be a feature of life in Somerset where quality of life and work/life balance are important, and may need to be balanced against the need to become economically more productive.

More critical is whether those businesses which wish to grow and innovate have the right economic conditions and support to do so. This will include access to business space, Broadband, skills and access to markets. Overall, Somerset performs poorly in respect of the five drivers of productivity: Investment, Innovation, Skills, Enterprise and Competition. Our analysis of the drivers of productivity indicate that more may need to be done to encourage and nurture innovation.

Skills

A skilled and well-qualified workforce is a fundamental requirement for a competitive and prosperous economy. There is also a strong link between skills and employment. The skills of the workforce affect how well an economy can adapt to changing conditions, as skilled workers are better able to adapt to new technologies and identified new market opportunities.

Skills are an important factor in attracting inward investment as they are an indicator of the quality of the workforce. The lack of higher-level skills in the County potentially represents a significant challenge to economic growth and, in particular, an impediment to the development of the knowledge-intensive economy. The lack of HE provision in Somerset is a factor as many qualified young people must leave the County to find relevant provision. But retaining young people in the area and attracting new graduates to the area requires the presence of the right types of job.

Hinkley Point C certainly has the potential to act as a catalyst, not only with the direct creation of higher-level skilled employment but because its presence may provide opportunities to create clusters of innovation across the County in different sectors.

Educational attainment levels remain slightly below the national average, and although the trend is improving, it is at a lower rate than nationally. In schools, the relatively poor performance of some groups in Somerset compared with the national average is a real matter for concern. Pupils in Somerset who are eligible for free school meals are not only considerably less likely than pupils who are not eligible for free school meals to achieve five or more good GCSE passes (including English and maths), but they are also considerably less likely than pupils eligible for free school meals nationally to achieve this standard. This failure to address gaps in attainment stores up problems for the long term and reinforces the affect of multi-generational multiple deprivation, as well as lack of perceived opportunity.

At the same time, employers are experiencing difficulties with recruiting employees due to lack of skills and there is further evidence from employers that there are skills gaps in the workforce. Significant levels of skills shortages and gaps can act as a barrier to business growth. With one-fifth of employers in Somerset identifying a skills gap among their employees, and with skills gaps having a major impact for one-in-ten employers in the County, measures are also needed to address workforce development issues.

There is a need for an integrated strategy to increase higher-level skills (including through ensuring progression for those with lower level skills that are already in work) as well as creating the conditions for inward investment and business growth in target sectors.

Future threats

In describing the relative strengths and weaknesses of the Somerset economy, one might conclude that simply maintaining the status quo may seem an attractive option. For whilst there are weaknesses in the economy, overall the quality of life considerations may make a "do nothing" option feasible. But that assumes that the balance of advantages and disadvantages will remain the same without intervention. Here we will examine why that may not be the case.

Global economic climate

The first of these are presented by the global economic climate and the potential return to recessionary economic conditions. The economy has little defence against the severe downturn in trade which could impact on the Somerset economy with its relative dependence on the manufacturing and the production sectors.

Demographic change

Secondly, demographic change presents a significant challenge to future growth. For whilst the population is projected to increase, the working age population is forecast to decrease at the expense of a higher proportion of those over retirement age. That will not only place greater pressure on existing services but, in the absence of significant net inward migration, may constrain business growth. The younger age group is forecast to decline which means that raising higher skills levels will require an up-skilling of those currently in employment at a time when public funding to support this is declining.

Low carbon economy

One of the greatest long-term challenges will be to secure economic recovery, whilst making the transition to a low carbon economy.

The environment of Somerset is, overall, one of its enduring strengths; thus, growth based on sustainable development, which ensures that Somerset remains an attractive place to live and establish a business, will be critical. The effects of climate change on the County are likely to be flooding, hotter and drier weather, increased storms and increased soil erosion. Indeed, the adverse environmental impact of the climate has been keenly felt in terms of flooding in 2012.

Connectivity

Despite the good work carried out by Connecting Somerset and the County Council, Somerset still suffers from relatively poor broadband speeds and low access to superfast broadband. The issue is more pronounced in rural areas. Only 21% of premises have access to superfast broadband compared with 65% across the UK, and average sync speeds in Somerset are also significantly slower than the UK average. The average data throughput per residential connection in Somerset is also significantly lower. This places Somerset businessess at a significant disadvantage in the new digital economy.

Structural change and competitiveness

Whilst overall employment is projected to grow, this will be largely as a result of the service sector, whereas employment in manufacturing and public services is expected to fall, by 1,400 and 2,300 jobs respectively. Forecast declines in some sectors such as manufacturing will impact especially on Yeovil and Bridgewater and the loss of agricultural jobs will impact especially on rural areas. At the same time, continued public sector cuts will have an effect on employment, especially in Taunton but also other parts of Somerset.

Somerset is relatively uncompetitive in relation to a range of composite measures of local competiveness (or attractiveness to business) which are used to rank local authorities across the UK, which place Somerset local authorities between a mid and low rank in terms of competitiveness.

As the knowledge economy grows, there will be increasing competition for skills, and business location decisions will take more account of whether an area has the right environment

(including housing) to attract skilled workers. Already it is clear that while high-quality housing alone may not be enough to attract significant inward investment, a lack of high-quality affordable housing may preclude it. Provisional data for 2012 suggests that housing in Somerset is more expensive relative to earnings than the England average with the median house price exceeding median earnings by 7.5 times. Housing is less affordable in Somerset than in most the selected comparator local authority areas.

A number of significant changes are planned to post-16 education and skills funding which will be in force by 2014/15. Overall, these changes represent a shift toward greater contributions from both employers and learners. Significant groups of learners will have to co-fund or fully fund the costs of their education and training through loans. Employers and learners will, therefore, be expected to play an increasing part in paying for their learning. At the same time, changes are taking place to the structure of publicly-funded provision as parts of the infrastructure respond to a more marketised approach. Combined with public funding cuts, this may have a significant impact on both the demand for skills, education and training and its provision.

Opportunity and growth

Clearly, major opportunities are presented by the presence of the Hinkley Point site and, in particular, the development of Hinkley Point C. The economic forecasts produced for this State of the Economy Report indicate that both the direct and indirect job creation will be significant. The challenge is ensuring that the benefits are, as far as possible, reaped by Somerset residents. Ensuring that the right skill sets are available in the local workforce will be critical, both for the construction and the operational phase. The other challenge is to use this opportunity to help drive a cluster of high added value manufacturing around the low carbon sector.

There are two key aspects of this enabling sector in Somerset. Firstly, the development (and future operation) of Hinkley Point C and secondly, the growth of the renewables sector. Emerging technologies will feature highly to meet the Government's decarbonisation goals. Supported by a strong research base, the UK has the potential to become a market leader. Any increase in demand is likely to pull through demand for goods and services from a wide range of other sectors of the economy. The energy market sectors are heavily driven by regulation and the potential for both national government and local actors to have an impact on the sector is therefore very high – for example, through procurement policy, measures to reduce market uncertainty, and demonstration projects. Clearly, this is a sector where a strategic partnership with the public sector is likely to be highly beneficial to growth.

The success of AgustaWestland in securing support for its new commercial rotorcraft projects under Round 3 of the Government's Regional Growth Fund, will provide a boost to Yeovil supporting the firm's future and will enabling it to diversify its base away from the military market. This investment is expected to create 450 new jobs with a further 1,000 jobs created in the supply chain. The rotorcraft industry is a vital element of the UK's hi-tech industrial base and makes a major contribution to the UK economy with 2011 revenues of more than £1.1 billion and an order book of more than £3 billion.

Given the employment opportunities that this investment will create, local partners will be focused on maximising the local benefits of this, ensuring that the local labour market has the skills required to take the opportunities created. The emphasis of local actors will, therefore, be far more on maximising local benefit than on supporting the sector itself.

The UK's knowledge economy has "increasingly driven economic performance, jobs generation and export growth". According to the BRES estimates, 12,200 people are employed in high or medium-high technology manufacturing enterprises, a higher share of employment than the

England average. This needs to be nurtured and grown, with support for innovation and potential new sources of financing, in the light of the current restrictions on bank lending, opportunities for diversification and cluster development in manufacturing, help in developing niche markets, higher technology solutions and agglomeration strengths. The wider region's Universities could be called upon to support this drive.
Similarly, ongoing support will be needed to secure diversification in the agricultural sector, supporting more productive units and better marketing. The excellent environment will continue to provide a strong base for tourism but there continues to be a need for quality of provision and development opportunities for major and minor attractions.

1. ECONOMIC GEOGRAPHY

Key findings

- The County of Somerset lies within the heart of the south west peninsula of England. It is bordered by the administrative areas of North Somerset and Bath and North East Somerset to the north, Wiltshire to the east, Dorset to the south east and Devon to the west. It comprises the districts of Mendip, Sedgemoor, South Somerset, Taunton Deane and West Somerset.

- The County is reasonably well connected to the rest of the UK via road and rail (see Chapter 10 for more detail) with the M5 providing principal access to the midlands and beyond, London and the South East (via the M4) and Devon and Cornwall. A network of A roads connects the main settlements within Somerset with Taunton providing a natural intersection.

- The Somerset 'economy', is in most respects, a statistical or geographic construct, as in reality, the flow of people, goods and services that constitutes economic activity, occurs across administrative boundaries. Somerset has four Functional Economic Zones which provide an approximation of 'natural economies' operating within and across the County.

- Somerset has an abundance of natural assets which contribute to a sense of high environmental quality and is reflected in a series of formal land designations including Exmoor National Park and Areas of Outstanding Natural Beauty, encompassing the Blackdown Hills, the Mendip Hills, the Quantock Hills, and parts of Cranbourne Chase and the West Wiltshire Downs.

- Taunton – the historic County town – is Somerset's largest settlement with a population of over 58,000 residents in 2011. Other towns with a population greater than 25,000 include Yeovil (in South Somerset), Bridgwater (in Sedgemoor) and Frome (in Mendip). The largest settlement in West Somerset – Minehead – has a resident population of almost 12,000.

1.1. Introduction

This chapter provides the context to subsequent analysis and looks at the economic geography of the County. The County comprises a complex hybrid of geographic areas. The towns of Taunton, Bridgwater and Yeovil are key business centres, whilst the networks of market and coastal towns and deeply rural communities have their own distinct characteristics and needs.

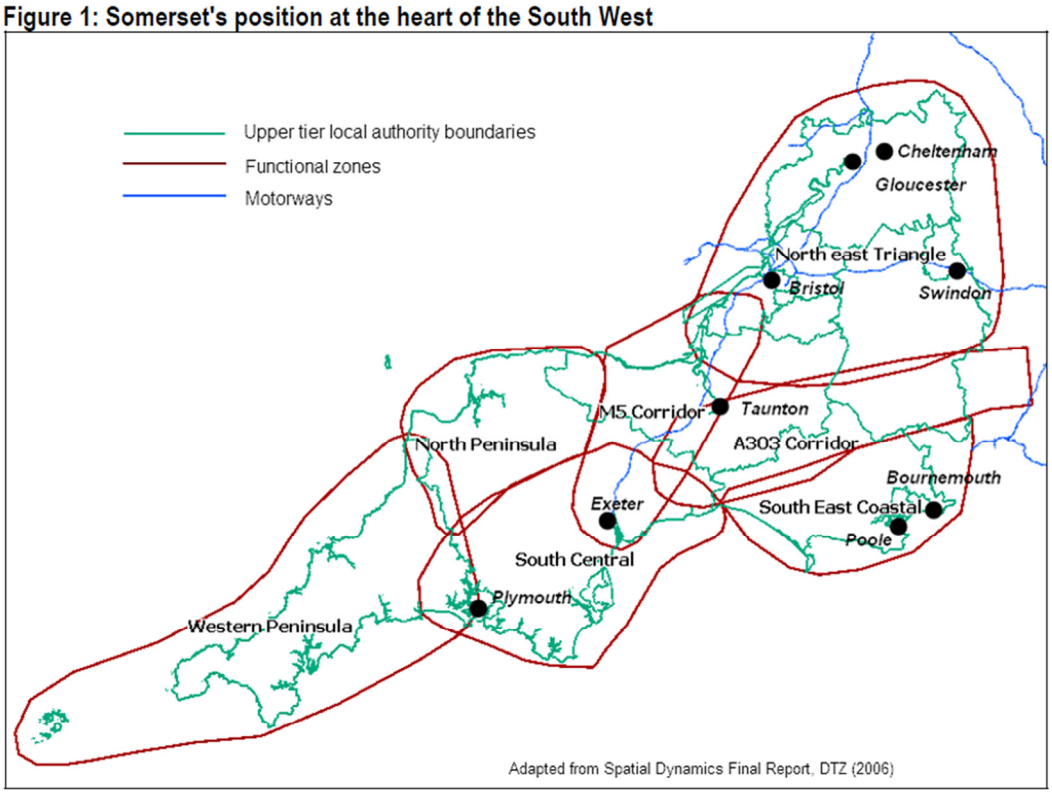
Somerset's economy has strong representation from advanced engineering/aerospace, food and drink, tourism and the public sector, with major players in businesses such as Aerosystems International, AgustaWestland, Clarks International, IBM, Yeo Valley and Butlins. It also has a wide range of Small and Medium-sized Enterprises (SMEs) that play a significant role in the local economy.

The most significant development in terms of the future, especially as we aspire to a low carbon economy will be the economic opportunities arising from the Hinkley Point C development, which recently received planning permission (see Chapter 6 for economic projections) and which will involve the construction of two next generation European Pressurised Reactors together with a range of support and ancillary services. This development clearly has the potential to deliver significant economic benefit to Somerset in the short, medium and long term.

1.2. A strategic location

The County of Somerset lies within the heart of the south west peninsula of England. It is bordered by the administrative areas of North Somerset and Bath and North East Somerset to the north, Wiltshire to the east, Dorset to the south east and Devon to the west. It comprises the districts of Mendip, Sedgemoor, South Somerset, Taunton Deane and West Somerset.

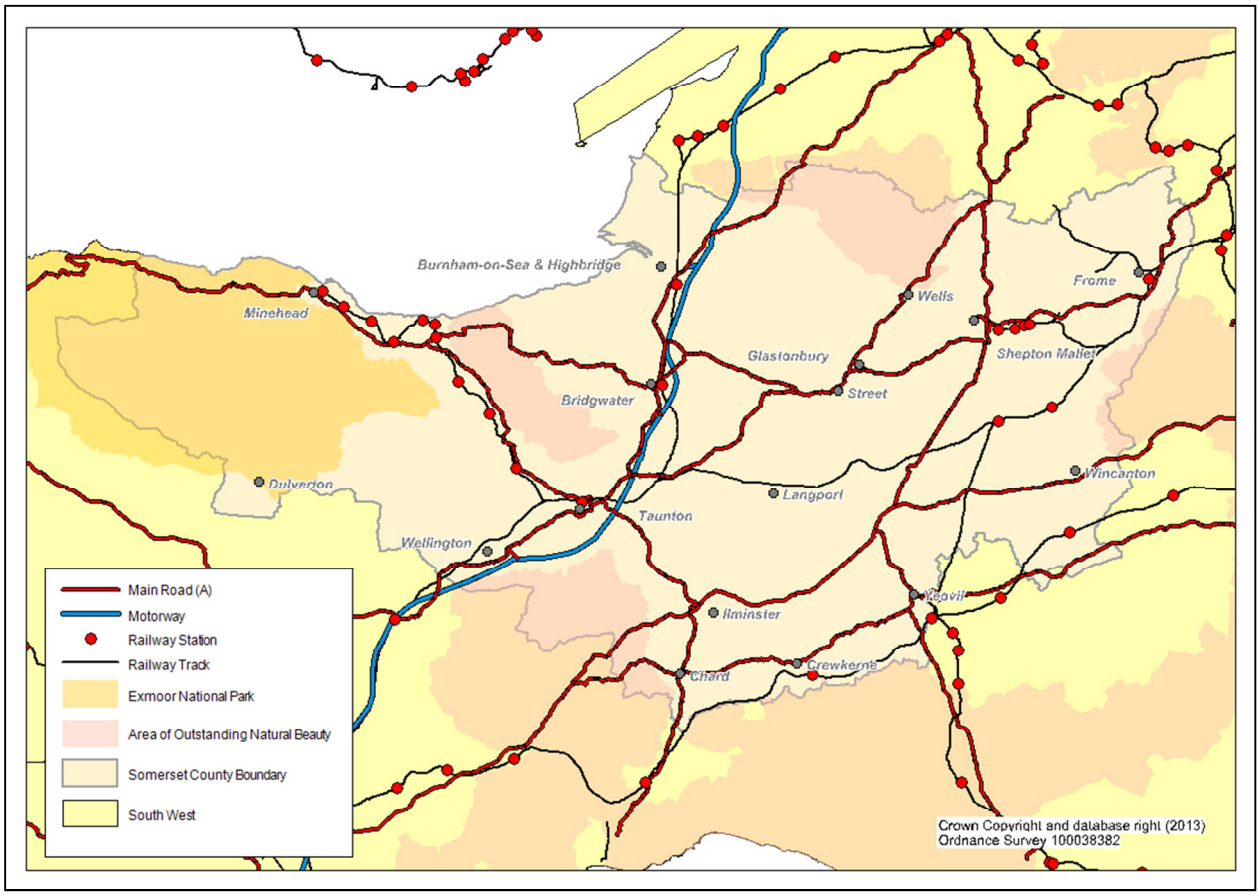
Figure 1-1: Somerset's location with the South West region



Source: Somerset County Council

The County is reasonably well connected to the rest of the UK via road and rail (see Chapter 10 for more detail) with the M5 providing principal access to the midlands and beyond, London and the South East (via the M4) and Devon and Cornwall. Sedgemoor, and in particular, Bridgwater is emerging as an important distribution hub on this basis of its strategic location on the M5. For example, Morrison's opened a large distribution centre in early 2012 serving stores in the South West and Wales on a site adjacent to the M5 at Dunball. A network of A roads connect the main settlements within Somerset with Taunton providing a natural intersection.

Figure 1-2: Somerset's road and rail network



Source: Somerset County Council

1.3. Functional Economic Zones

The Somerset 'economy', is in most respects, a statistical or geographic construct, as in reality, the flow of people, goods and services that constitutes economic activity, occurs across administrative boundaries. It is sensible and reasonable however for agencies charged with promoting economic prosperity to understand the scale and nature of economic activity 'on their patch' and it is for this reason that this document focuses on the administrative County of Somerset and its constituent local authority districts of Mendip, Sedgemoor, South Somerset, Taunton and West Somerset. Previous reports have explained and described the use of Functional Economic Zones and how they are manifest locally (Ekosgen, 2010 and South West Observatory, 2010). These are sound approximations of 'natural economies' operating within and across the County of Somerset and are described as such:

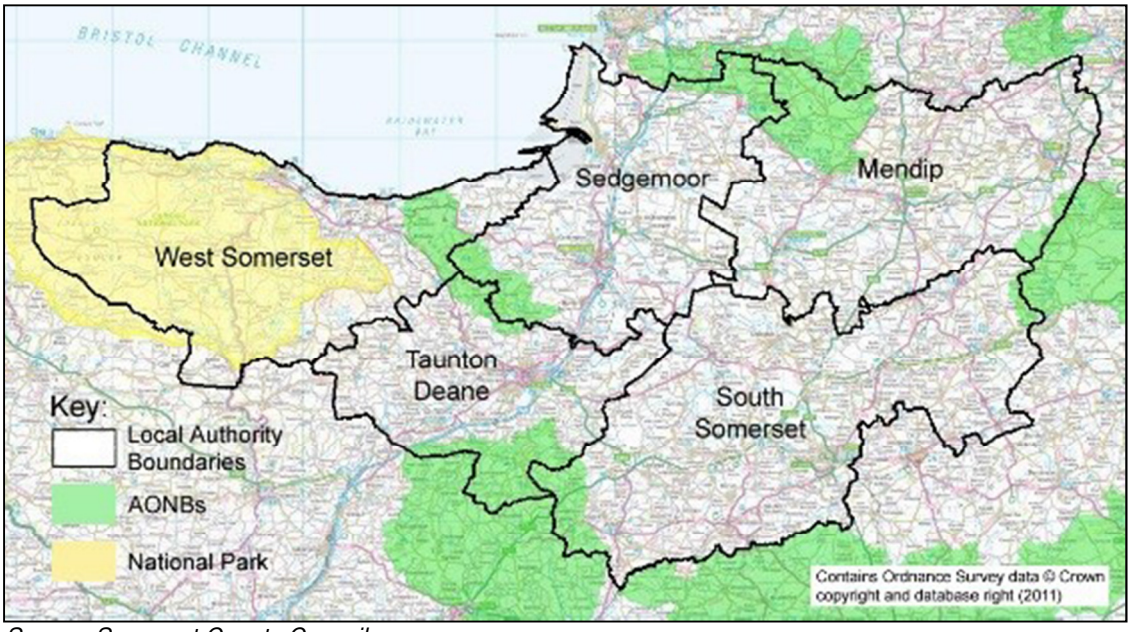
- The **M5 corridor** including the towns of Bridgwater and Taunton, which extends beyond Exeter. As noted above, distribution and warehousing are important sources of economic activity here.
- The **A303 corridor** incorporating much of South Somerset and in particular, the manufacturing-centre of Yeovil.

- The **North East Triangle** taking in Mendip and Bristol, Bath, Gloucester, Cheltenham and Swindon. While connections within Mendip itself have limitations, this zone is the most accessible and well connected to economic centres outside the County.
- The **North Peninsula** is the least well connected zone with Exmoor National Park comprising a significant proportion of the area. Tourism and agriculture are correspondingly important sources of employment and income here.

1.4. Natural resources

Somerset has an abundance of natural assets which contribute to a sense of high environmental quality and this is reflected in a series of formal land type designations. This includes Exmoor National Park and Areas of Outstanding Natural Beauty encompassing the Blackdown Hills, the Mendip Hills, the Quantock Hills, and parts of Cranbourne Chase and the West Wiltshire Downs. Other parts of the County are also celebrated for their habitat or bio-diversity. These include the Somerset Levels and large parts of the Severn Estuary. More than nine-tenths (91%) of Somerset's land is predominantly green space (Communities and Local Government, 2005); this is a higher percentage than the UK average (87%). Eight hundred and fifty hectares of land in Somerset is designated 'Green Belt', all of which is in Mendip.

Figure 1-3: National Parks and Areas of Outstanding Natural Beauty in Somerset



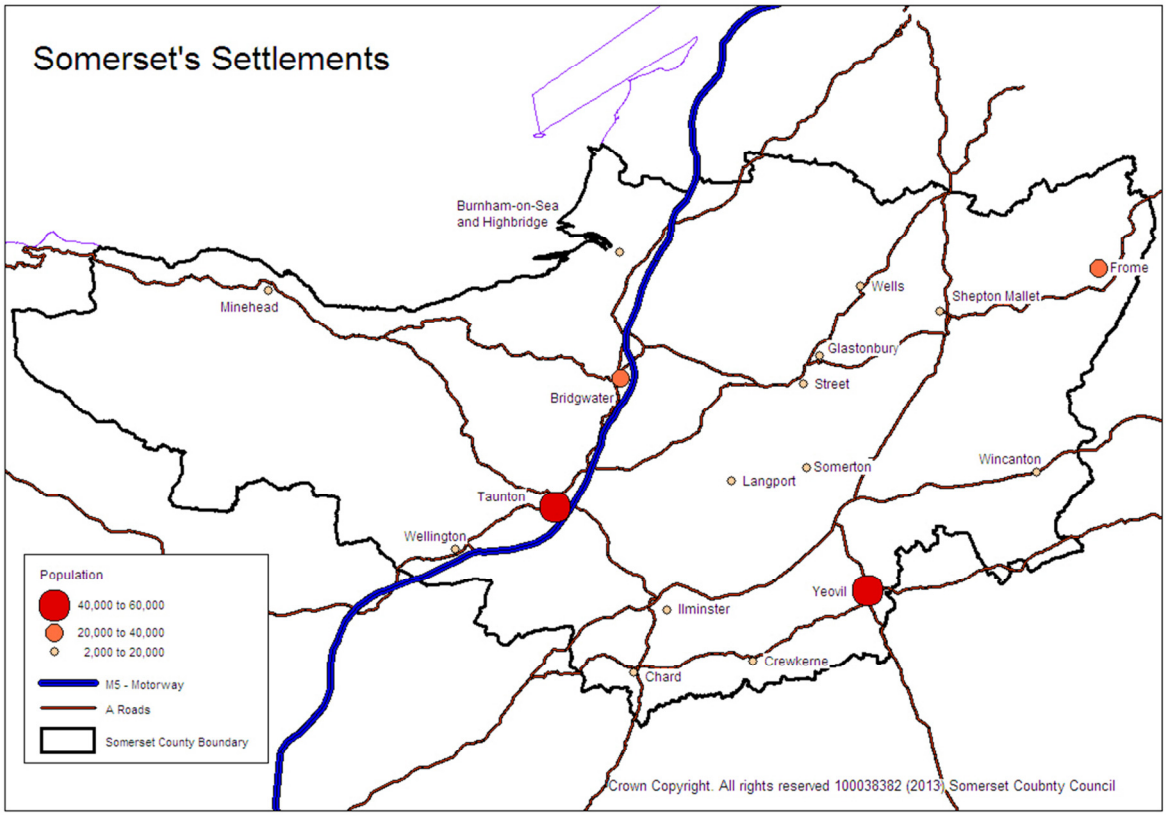
Source: Somerset County Council

Some parts of Somerset are at risk of flooding although the source and extent of risk varies by location. For example, population centres with areas in Flood Zone 3 (with the highest risk of flooding) includes Bridgwater, Taunton, Highbridge and Burnham-on-Sea (SCC, 2011). See Section 10.

1.5. Settlements

Somerset's largest settlements are mapped in Figure 1-4 with accompanying population counts in Table 1-1. Taunton – the historic county town – is Somerset's largest settlement with a population of over 58,000 residents in 2011. Other towns with a population greater than 25,000 include Yeovil (in South Somerset), Bridgwater (in Sedgemoor) and Frome (in Mendip). The largest settlement in West Somerset – Minehead – has a resident population of almost 12,000.

Figure 1-4: Somerset's Key Settlements, 2011



Source: Somerset County Council

Table 1-1: Population of Somerset's largest urban areas and towns : 2011 (LSOAs)

Urban area	2011
Taunton	58,427
Yeovil	40,390
Bridgwater	37,968
Frome	26,203
Burnham-on-Sea & Highbridge	19,576
Wellington	13,822
Minehead	11,981
Street	11,805
Chard	11,545
Wells	10,536
Shepton Mallet	10,369
Glastonbury	8,932
Crewkerne	6,363
Ilminster	6,017
Wincanton	5,272
Somerton	3,798
Langport	2,872

Source: 2011 Census, ONS

2. DEMOGRAPHY

Key findings

Overall population trends and prospects

- On Census day 2011, Somerset had a resident population of almost 530,000 people. South Somerset had the largest population (161,000) followed by Sedgemoor (115,000), Taunton Deane (110,000), Mendip (109,000) and West Somerset (35,000) (see Table 2.2).

- While the County's population increased by a similar percentage to the England average overall between 2001 and 2011 (6.6% compared with 7%) annual growth rates in Somerset (in most years) *decelerated* in contrast to *acceleration* nationally. Most of the growth occurred in South Somerset, Sedgemoor and Taunton Deane. West Somerset's population fell slightly over the 10 year period.

- Population growth in Somerset is almost exclusively driven by migration with more people moving to the County than leaving it. The deceleration in growth described above can largely be attributed to small year-on-year gains from migration flows. The impact of the health of the economy on migration decisions is evident in the small net reduction in population due to migration and other changes between 2008 and 2009 when more people moved out of the County than moved in. Net migration flows have subsequently recovered and have increased over the last two years. Natural change – the excess of births over deaths - has also started to contribute to population growth.

- Population change over the current decade (2011 to 2021) is projected to be of a similar magnitude to those of the previous decade.

Urban and rural distinctions

- Half (51%) of the County's population live in an urban area, one-third (32%) live in a village, hamlet or isolated dwelling and one-in-eight (16%) live in, or on the fringes of, a town. Somerset's largest settlements are Taunton (58,000 residents), Yeovil (40,000 residents) and Bridgwater (38,000).

- Taunton Deane has the highest percentage of urban dwellers (75%). Mendip, South Somerset and West Somerset have similar population distributions across the three classifications to each other. This is broadly split: urban areas (40%); town and fringes (20%) and village, hamlet and isolated dwellings (40%). Sedgemoor is slightly different in so far as it has a larger urban (58%) and smaller village (27%) population than Mendip, South Somerset and West Somerset.

- Most (60%) of the increase in Somerset's population between 2001 and 2011 occurred within its urban areas. Sedgemoor's town and fringes recorded the fastest rate of population growth (16%).

Age structure

- The County's age structure is broadly in line with the national average with the majority (61%) aged between 16 and 64 (hereafter, called the population of working-age) and the remainder broadly evenly split between residents aged 65 and over (21%) and residents aged 16 and under (18%). Somerset has a smaller share of working age residents than the

national average but a larger share of residents aged over 65. West Somerset has the second highest proportion of residents aged 65 and over in its population of all the local authority districts in England.

- Somerset's working age population contains a greater percentage of residents aged between 45 and 64 than the national average and a smaller percentage of residents aged 20 to 44.

- Population projections suggest that Somerset's working age population will decrease marginally (2%) between 2011 and 2021. By contrast, the population age 65 and over is projected to increase by 30% and the population aged 16 and under by 11%. The working age population is also expected to age with the number of workers aged 50 to 64 rising from 34% in 2011 to 39% in 2021.

Multi-culturalism

- Somerset has a less diverse population that the England average as evidenced by the – in some cases – substantially – lower percentage of residents that were born outside the UK, who describe their national identify solely as other than British and are from an ethnic group other than white. Notwithstanding this, some wards in Somerset do have relatively higher percentages of non-UK born residents within their population. These include Taunton Eastgate (19%) and Yeovil Central (14%).

- The most common birthplaces for Somerset residents that were born outside the UK were Poland (17%), Germany (8%), Ireland (6%) and other EU accession countries (other than Lithuania, Poland, and Romania) (6%).

2.1. Introduction

Somerset's people are at the same time consumers and producers of a range of products and services not all of which are traded. The County's demography determines the size of the domestic market for products and services provided locally, the availability of entrepreneurs and employees and the extent to which workers travel within, outside or into the County for work.

This chapter focuses exclusively on Somerset's *resident* population because the 2011 Census commuter flows and workplace population data were not available at the time of writing. Forthcoming releases from the 2011 Census will provide detailed information about commuting patterns, distances travelled and the mode of travel and as such will be highly useful in monitoring the Council's sustainable development and transport policies[2].

Population counts and estimates from the 2011 Census and ONS Mid-Year Population estimates respectively have been used to profile the size and characteristics of Somerset's resident population and describe how it has changed over the last ten years. In particular, it focuses on the size and characteristics of the *working age* population – hereafter defined as residents aged between 16 and 64 – although this is usually framed within a broader consideration of the whole population. The chapter also utilises new ONS 2011-based population projections in order to provide a perspective of the scale of likely population growth in the County.

2.2. Current population

On Census Day 2011, Somerset had a resident population of almost 530,000 people (

Table 2-1). South Somerset is the largest district in population terms with a resident population of 160,000. Sedgemoor, Taunton Deane and Mendip are of broadly comparable size at around 110,000 each and West Somerset is the smallest district with 35,000 residents.

Table 2-1: Population by urban and rural area classification and Somerset district, 2011

	Mendip	Sedgemoor	South Somerset	Taunton Deane	West Somerset	**Somerset**
Urban >10K	48,616	66,512	58,955	83,085	14,055	271,223
Town and Fringe	16,215	17,257	40,921	5,602	7,218	87,213
Village, Hamlet and isolated dwellings	44,448	30,819	61,367	21,500	13,402	171,536
TOTAL	**109,279**	**114,588**	**161,243**	**110,187**	**34,675**	**529,972**

Source: 2011 Census, ONS

2.2.1. Urban and rural

Half (51%) of Somerset residents live in an urban area[3], 16% live in a smaller town or fringe and one third (32%) live in a village, hamlet or isolated dwelling (Figure 2-1). Mendip, South Somerset and West Somerset have broadly similar percentages of their population to each other living in the three urban-rural types with Taunton Deane the only district that is strikingly

[2] Detailed analyses of commuter flows including the construction of 'zones of influence' and an assessment of the 'self -containment' of individual settlements were conducted using 2001 Census data by the current author on behalf of the (now defunct) South West Regional Assembly (SWO core Unit, 2005). Somerset County Council may wish to consider updating these analyses.

[3] This is the proportion of Somerset residents who live in a Middle Layer Output Area (MLOA) with more than 10,000 residents.

different from the others due to high percentage of urban residents and particularly low percentage of residents living in towns and fringes. Sedgemoor comes somewhere between the two groups: it is not quite as urbanised as Taunton Deane but has a smaller percentage of residents living in villages, hamlets and isolated dwellings than Mendip, South Somerset or West Somerset.

Figure 2-1: Population by urban and rural area classification and Somerset district, 2011

Source: 2011 Census, ONS

2.2.2. Age structure

Somerset's population comprises 324,000 residents of working age (aged between 16 to 64 years), 112,000 residents aged 65 and over and 95,000 aged 16 or under (Table 2-2).

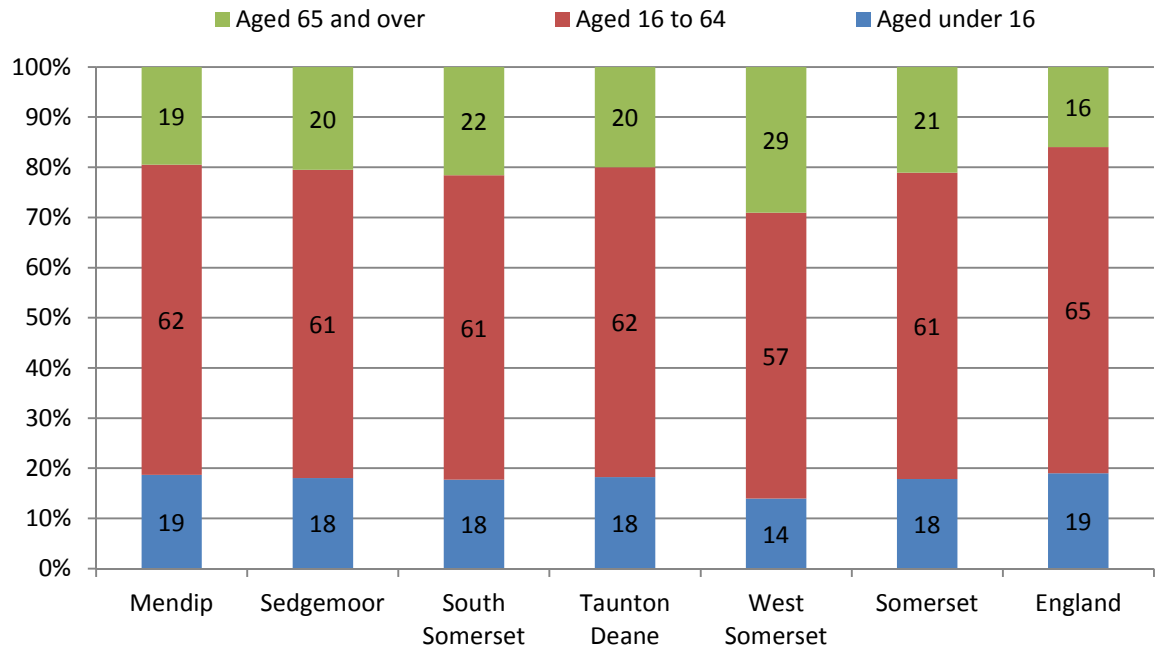
Table 2-2: Population by broad age group and local authority district: 2011

	Mendip	Sedgemoor	South Somerset	Taunton Deane	West Somerset	Somerset
Aged under 16	20,397	20,666	28,618	20,078	4,831	**94,590**
Aged 16 to 64	67,604	70,457	97,800	68,097	19,764	**323,722**
Aged 65 and over	21,278	23,465	34,825	22,012	10,080	**111,660**
TOTAL	**109,279**	**114,588**	**161,243**	**110,187**	**34,675**	**529,972**

Source: 2011 Census, ONS

The working age group accounts for a smaller share of the total population than the England average (Figure 2-2). The percentage of older people in the population is higher than the national average and the percentage of young people is similar to the national average. Mendip, Sedgemoor, South Somerset and Taunton Deane have broadly similar age structures. However, West Somerset has a greater share of older people and compensatory smaller shares of young people and working age residents. West Somerset has the second highest proportion of residents aged 65 and over in its population of all the local authority districts in England.

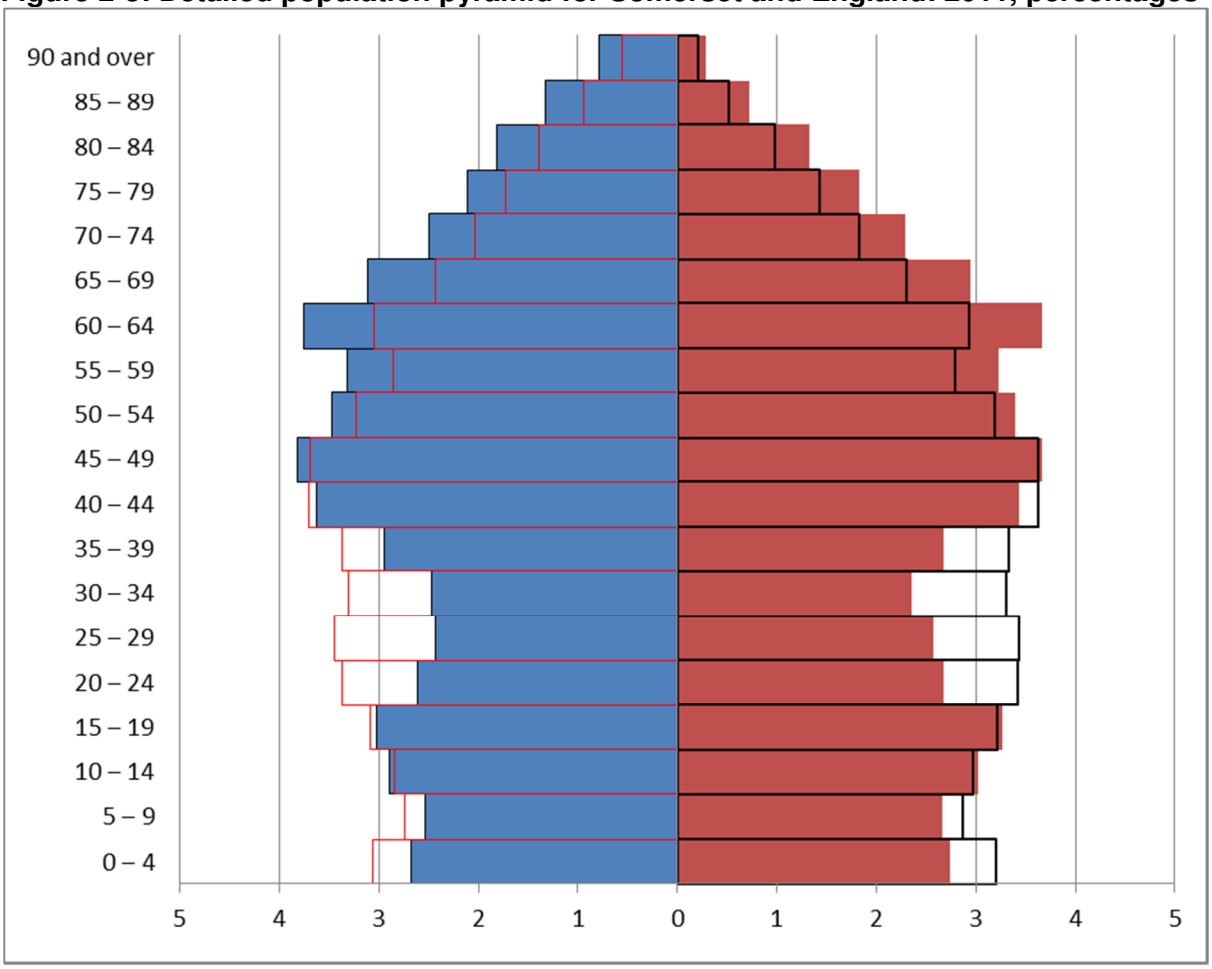
Figure 2-2: Broad age distribution, Somerset districts and England, 2011, percentages



Source: 2011 Census, ONS

Figure 2-3 provides a more detailed depiction of the age structure of Somerset's population and compares this to the England average. Somerset's older age structure is evident with the County having a larger percentage of its population in each five-year age band from 45 to 49 years and older than the England average. Somerset also has smaller percentages of its population in each of the five year age bands between 20 and 44 but particularly within those between 20 and 34 years. This may partly reflect the lack of Higher Education provision in the area and the absence of a major employment centre of national significance.

Figure 2-3: Detailed population pyramid for Somerset and England: 2011, percentages



Source: 2011 Census, ONS
Note: Women on the left in blue, men on the right in red; clear extension boxes = England

2.2.3. Multi-culturalism

Somerset has a less culturally diverse population than the Country as a whole on a number of measures. For example, it has notable lower proportions of its population that:

- were born outside the UK (Table 2-3). 6% of Somerset residents were born outside the UK compared with 14% for England.
- describe their national identify solely as other than British[4] (3.5%, compared with 8.3%).
- are from an ethnic group other than white (2.1%, compared with 14.5% in England.

[4] Percentage of residents describing national identify other than English, Welsh, Scottish, Northern Irish or British

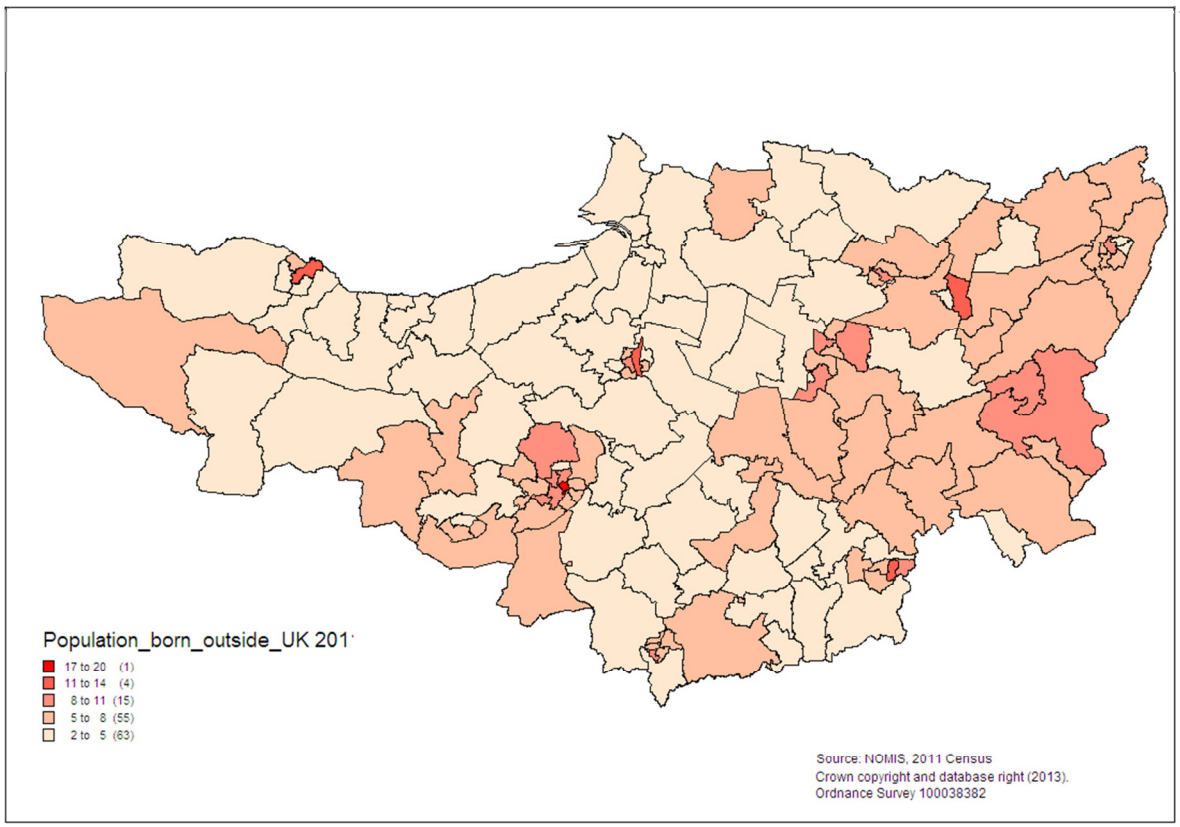
Table 2-3: Country of Birth, Somerset and districts: 2011

	All categories	United Kingdom	Ireland	Other EU: Member counties in March 2001	Other EU: Accession countries April 2001 to March 2011	Other countries
Mendip	109,279	93.6	0.4	1.5	1.2	3.1
Sedgemoor	114,588	95.1	0.4	0.9	1.6	2.1
South Somerset	161,243	94.0	0.3	1.3	1.5	2.9
Taunton Deane	110,187	92.9	0.4	1.2	1.8	3.7
West Somerset	34,675	94.9	0.4	0.9	1.6	2.2
Somerset	**529,972**	**94.1**	**0.4**	**1.2**	**1.5**	**2.9**
England	53,012,456	86.2	0.7	1.7	2.0	9.4

Source: ONS, 2011 Census

Figure 2-4 shows that the percentage of the population that were born outside the UK varies considerably across the County with the highest percentages evident.

Figure 2-4: Percentage of Somerset's population born outside the UK by LSOA:2011



Source: 2001 Census, ONS

The wards with the largest *numbers* of residents who were born outside the UK were: Yeovil Central (1,051), Taunton Eastgate (916), Taunton Fairwater (675), Shepton East (634) and Yeovil East (634). Several of these areas also had the highest *proportions* of non-UK born residents: Taunton Eastgate (19%); Yeovil Central (14%); Minehead Central (12%); Shepton

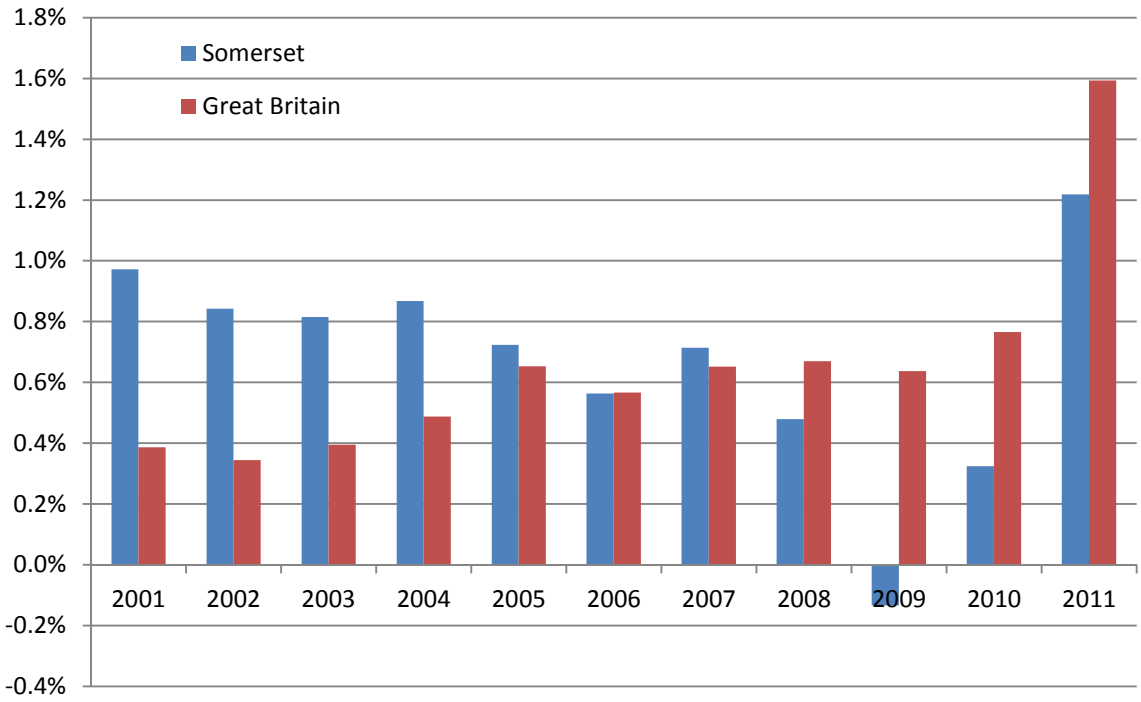
East (12%); Bridgwater Eastover (11%) and Taunton Fairwater (11%). Huntspill and Pawlett had the lowest percentage of residents born outside the UK at 2%.
The most common birthplaces for Somerset residents born outside the UK were:

Poland	5,287 (17%[5])
Germany	2,616 (8%)
Ireland	1,989 (6%)
Other EU accession countries[6]	1,924 (6%)
South Africa	1,473 (5%)

2.3. Population trends

Somerset's resident population increased by 32,900 people between the years 2001 to 2011. This is a 6.6% increase over the decade, on par with the England average of 7.0%. Examination of year-on-year growth rates during the decade (Figure 2-5) reveals some interesting trends: between 2000-2001 and 2006-2007, annual population growth rates in Somerset, for the most part, exceeded the national average with the differential in the earlier part of the period being particularly marked. Growth rates were broadly comparable between 2004-2005 and 2006-2007 but over the last three years, Somerset's population has increased more slowly than the national average, even falling marginally between 2008 and 2009 mainly - but not solely – due to a reversal in the long run trend of positive net migration (Figure 2.6). While not examined as part of this study, interrogation of internal migration statistics may help to explain the relative contribution of internal and international migration to this change, which age groups were most affected and the origins and destinations of internal migrants over the period[7].

Figure 2-5: Percentage change in total population on previous year; Somerset: 2001 to 2011

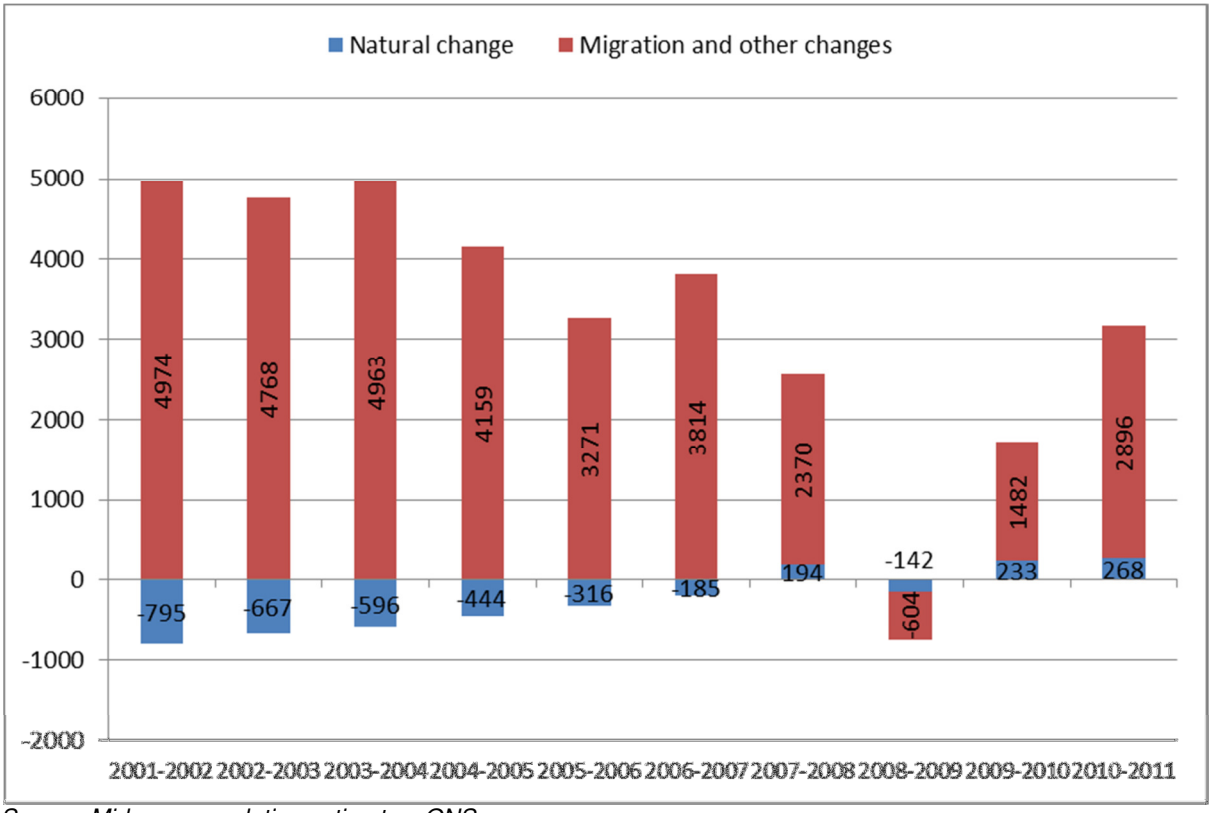


Source: Mid-year population estimates, ONS

[5] of non-UK born Somerset population.
[6] Other than Lithuania, Poland and Romania.
[7] See, for example, http://www.ons.gov.uk/ons/rel/migration1/internal-migration-by-local-authorities-in-england-and-wales/index.html

Official population statistics suggest that most Somerset's population changes are driven, for the most part, by migration (Figure 2-6).

Figure 2-6: Components of population change, number of residents; Somerset: 2001-2002 to 2010-2011



Source: Mid-year population estimates, ONS

2.3.1. Urban and rural

Most (60%) of the increase in Somerset's population between 2001 and 2010 occurred in the County's urban areas (Table 2-4) with the remainder broadly evenly split between towns and their fringes (23%) and villages, hamlets and isolated dwellings (17%). Population levels in South Somerset, Sedgemoor and Taunton Deane increased by broadly similar amounts, with fewer in Mendip, and perhaps most notably, a decline in overall population levels in West Somerset.

Table 2-4: Change in number of residents by urban and rural area classification : 2001 to 2011

	Mendip	Sedgemoor	South Somerset	Taunton Deane	West Somerset	**Somerset**
Urban >10K	2,643	5,735	4,845	5,767	135	19,125
Town and Fringe	1,302	2,435	3,442	476	-378	7,277
Village, Hamlet and isolated dwellings	1,382	511	1,997	1,656	-142	5,404
TOTAL	**5,327**	**8,681**	**10,284**	**7,899**	**-385**	**31,806**

Source: 2001 and 2011 Censuses, ONS

In percentage terms, the town and fringes of Somerset saw the largest population increase (at 9%), followed by the urban areas (8%). The population of villages, hamlet and isolated dwellings increased more modestly at 3%. Sedgemoor (8%) and Taunton Deane (8%) recorded the largest percentage change in population over the 10 year period whilst the towns and fringes of the former recorded the most rapid growth (16%).

Table 2-5: Percentage change in number of residents by urban and rural area classification : 2001 to 2011

	Mendip	Sedgemoor	South Somerset	Taunton Deane	West Somerset	**Somerset**
Urban >10K	5.7	9.4	9.0	7.5	1.0	**7.6**
Town and Fringe	8.7	16.4	9.2	9.3	-5.0	**9.1**
Village, Hamlet and isolated dwellings	3.2	1.7	3.4	8.3	-1.0	**3.3**
TOTAL	**5.1**	**8.2**	**6.8**	**7.7**	**-1.1**	**6.4**

Source: 2001 and 2011 Censuses, ONS

2.3.2. Age

According to Mid-Year Population Estimates published by the Office for National Statistics Somerset's population increased by 32,900 residents between June 2001 and June 2011. People aged 16 to 64 accounted for most of this increase although those aged 65 and over also made-up a substantial proportion (Table 2-6). By contrast the population aged younger than 16 fell by 2,500. All districts except West Somerset have seen an increase in their population aged 16 to 64.

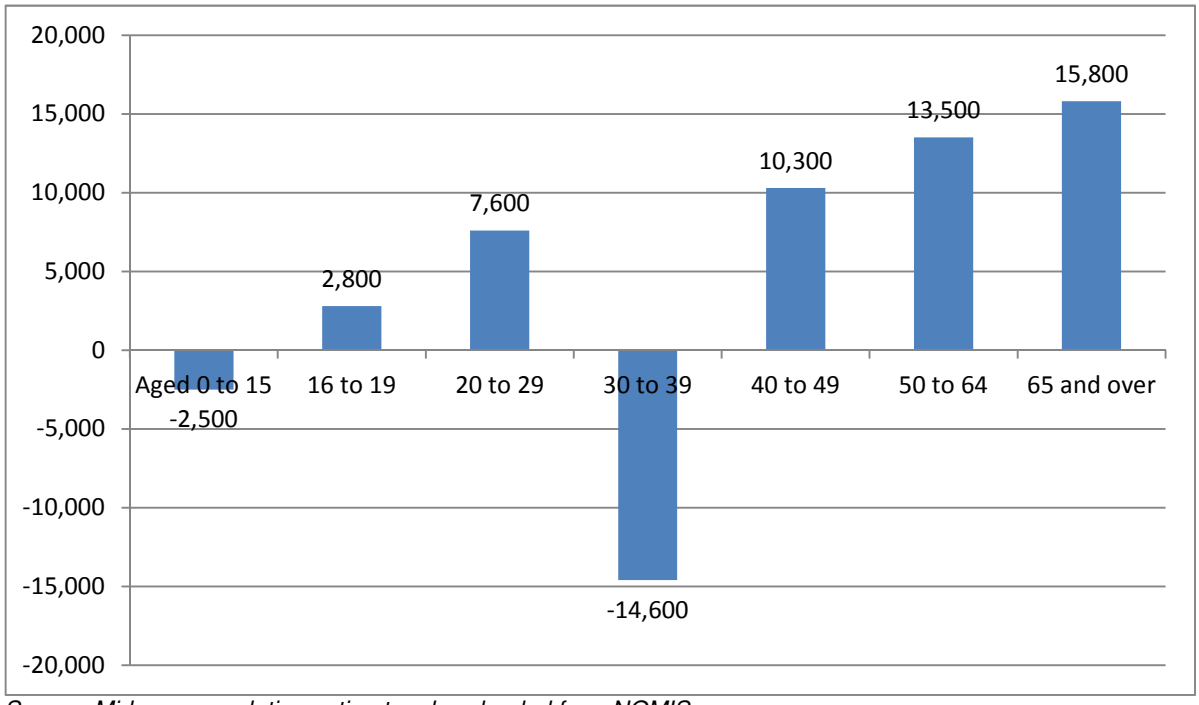
Table 2-6: Change in number of residents by broad age group: 2001 to 2011

	Mendip	Sedgemoor	South Somerset	Taunton Deane	West Somerset	**Somerset**
Aged under 16	-1,000	-100	-800	300	-800	-2,500
Aged 16 to 64	2,900	5,700	6,300	5,200	-500	19,600
Aged 65 and over	3,500	3,400	5,600	2,500	800	15,800
TOTAL	**5,400**	**8,900**	**11,000**	**8,000**	**-500**	**32,900**

Source: 2001 and 2011 Mid-Year Population Estimates, ONS

More detailed analysis of the County-level data by age group shows that most of the growth in the working age population occurred within the older age groups (40 to 64 years) and that the number of residents aged 30 to 39 declined (Figure 2-7). These changes means that the share of residents aged 50 to 64 in the working age population (16 to 64) increased from 32% in 2001 to 34% in 2011.

Figure 2-7: Population change by age group, Somerset, 2001 to 2011



Source: Mid-year population estimates downloaded from NOMIS
Note: The value for the age group 0-15 is 2,500.

Table 2-7 and Figure 2-8 express population growth by broad age group and County and district in percentage terms and offers a national benchmark. The main observations arising from the table are that:

- the oldest population group - those aged 65 and over - is the fastest growing cohort in each district and overall for the County, but it is growing particularly fast in Mendip and South Somerset;

- the decline in the population aged under 16 presents a fairly significant percentage (14%) of the 2001 population of that age group.

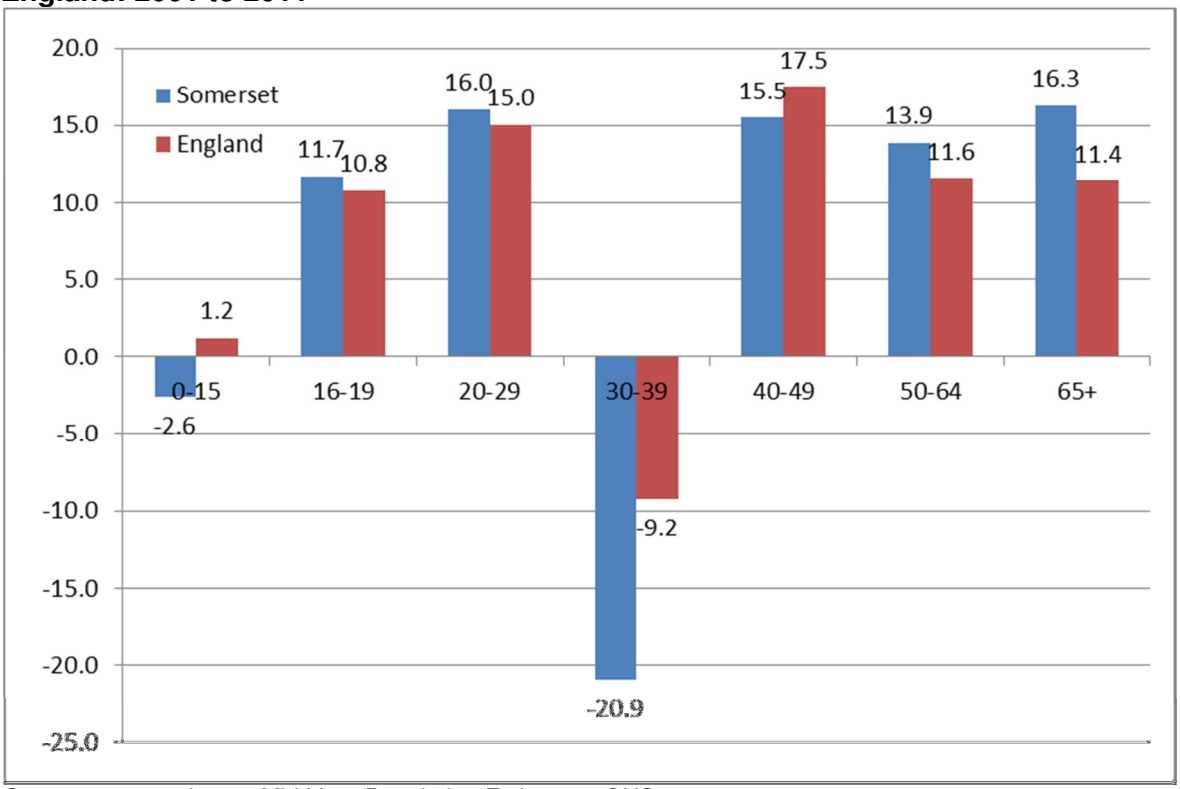
Table 2-7: Percentage change in number of residents by broad age group , 2001 to 2011

	Mendip	Sedge-moor	South Somerset	Taunton Deane	West Somerset	**Somerset**	**England**
Aged under 16	-4.7	-0.5	-2.7	1.5	-14.3	**-2.6**	1.2
Aged 16 to 64	4.5	8.8	6.9	8.2	-2.5	**6.4**	8.3
Aged 65 and over	19.4	16.7	18.9	12.7	8.6	**16.3**	11.4
TOTAL	**5.2**	**8.4**	**7.3**	**7.8**	**1.4**	**6.6**	**7.4**

Source: 2001 and 2011 Mid-Year Population Estimates, ONS

Somerset's increase in the population aged 50 and over was greater than the England average (Figure 2-8). The decline in the population aged 30 to 39 was also evident nationally but the percentage change locally was twice the national rate.

Figure 2-8: Percentage change in population by five-year age groups: Somerset and England: 2001 to 2011



Source: 2001 and 2011 Mid-Year Population Estimates, ONS

2.4. Population projections

ONS 2011-based sub-national population projects suggest that Somerset's population will increase by 37,300 over the next 10 years to reach 568,881 in 2021 (Table 2-8). The increase of 7% is similar to that recorded over the previous decade. Somerset's population is not expected to increase as much as the England average.

Table 2-8: Projected population change (all ages) by district, 2011 to 2021

	2011	2021	Change	%, Change
Mendip	109,406	116,137	6,731	6.2
Sedgemoor	114,919	124,596	9,677	8.4
South Somerset	162,113	172,401	10,288	6.3
Taunton Deane	110,555	118,793	8,238	7.5
West Somerset	34,588	36,953	2,365	6.8
Somerset	**531,581**	**568,881**	**37,300**	**7.0**
England	53,107,169	57,687,784	4,580,615	8.6

Source: 2011-base subnational population projections, ONS
http://www.ons.gov.uk/ons/rel/snpp/sub-national-population-projections/Interim-2011-based/rft-syoa-persons.zip

Most of the change in population will be in the older age groups with the population aged 65 and over projected to increase by 33,364 (30%) between 2011 and 2021 (Table 2-9). By contrast the population aged 16 to 64 years is expected to decrease by 6,195 (or 2 percent) over the period. The number of residents aged 15 years or younger is projected to increase by 10,131 (or 11 percent).

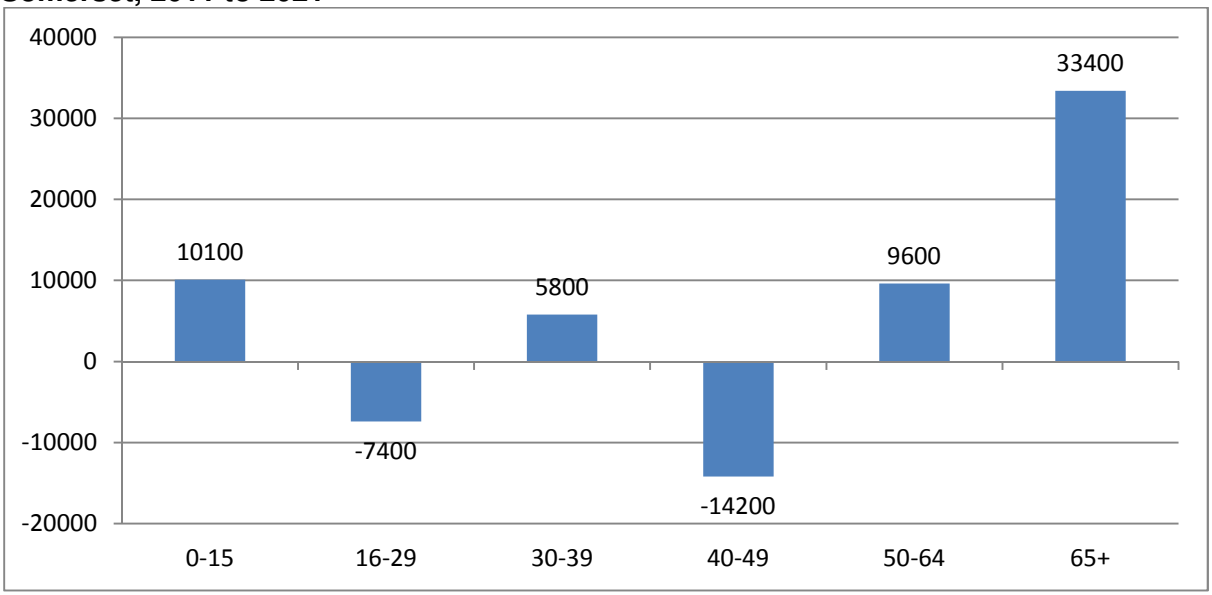
Table 2-9: Projected population change (aged 16 to 64) by local authority district: 2011 to 2021

	2011	2021	Change	%, Change
Mendip	67,588	65,405	-2,183	-3.2
Sedgemoor	70,560	70,719	159	0.2
South Somerset	98,189	95,640	-2,549	-2.6
Taunton Deane	68,379	67,567	-812	-1.2
West Somerset	19,684	18,875	-809	-4.1
Somerset	**324,400**	**318,205**	**-6,195**	**-1.9**
England	34,347,372	35,606,391	1,259,019	3.7

Source: 2011-base subnational population projections, ONS
http://www.ons.gov.uk/ons/rel/snpp/sub-national-population-projections/Interim-2011-based/rft-syoa-persons.zip

Examining projected changes in the age composition of the potential labour force suggests that there will be fewer young people aged between 16 to 29 and fewer residents aged between 40 and 49 but larger numbers of residents aged 30 to 39 and 50 to 64 years (Figure 2-9). The share of older people (aged 50 to 64) in the working age population is projected to increase from 34% in 2011 to 39% in 2021.

Figure 2-9: Projected population change (aged 16 to 64) by selected age bands: Somerset, 2011 to 2021



Source: 2011-base subnational population projections, ONS
http://www.ons.gov.uk/ons/rel/snpp/sub-national-population-projections/Interim-2011-based/rft-syoa-persons.zip

3. ECONOMIC STRUCTURE

Key findings

Gross Value Added

- Somerset's economy was worth almost £9.1 billion (at current prices) in 2011 according to the Office for National Statistics estimates of local Gross Value Added. The Heart of the South West Economic Model estimate - of almost £8.9 billion - is a little lower because it has been adjusted for inflation and expressed at 2009 prices. Subsequent analysis of the GVA by sector and district is based on estimates derived from the South West Economic Model (the ONS does not published estimates of GVA by district).

- Somerset's economy is weighted towards the broadly defined service sector with services generating more than £5.9 billion, equivalent to two-thirds of GVA in 2011. Notwithstanding this, the manufacturing sector is the largest single sector within the Somerset economy, generating more than £1.5 billion in 2011 with significant contributions within this sector coming specifically from aerospace and advanced manufacturing. Other large sectors include wholesale and retail (£1 billion), human health and social work (almost £0.9 billion), construction (£0.8 billion) and real estate activities (almost £0.7 billion).

- Sectors that have a particular focus in the Somerset economy are predominately in the production sector, most notably manufacturing (generally, but especially *aerospace* and *food drink and tobacco)* but also *agriculture, forestry and fishing*, *electricity, gas, steam & air conditioning supply* and *water supply, sewage, waste management and remediation activities*. *Compulsory social security* is the only service sector activities over-represented in terms of GVA locally. *Information and communication*, *financial and insurance activities* and *scientific and technical activities* all contribute particularly small shares of GVA locally compared with the UK average.

Employment

- Three-quarters of jobs in Somerset are concentrated in the service sector with marketed services accounting for half and public services accounting for one-quarter of employment. The largest sectors in terms of their contribution to employment are: manufacturing (especially, aerospace and other advanced manufacturing, food, drink and tobacco and other manufacturing); human health and social work activities; retail trade; construction; and education.

- Somerset's employment focused strengths mirror those for outputs, with sectors particularly strongly represented locally compared with the UK, including *aerospace*, *food*, *drink and tobacco*, *agriculture*, *forestry and fishing* and *accommodation*. By contrast, under-represented sectors locally include *marine manufacturing*, *information and communication*, *financial and insurance activities* and *scientific and technical*.

Industrial clusters

- Examining data at an even finer grain of industrial classification shows that the most over-represented (and large) sectors are manufacture of dairy products and manufacturing of air spacecraft and related machinery. Other specialisms include freight transport by road and removal services, other residential care activities, holiday and other short stay accommodation, pre-primary education and manufacture of other food products.

Sub-economies within Somerset

- Mendip and Sedgemoor have broadly similar distributions of GVA and employment by sector to each other and have profiles that most closely resemble Somerset and the UK as a whole. However, even within these areas particular strengths are apparent:
  - Mendip, for example, has a slightly higher concentrate of GVA derived from *information and communication*, *real estate* and *professional services* than the other districts; and
  - Sedgemoor has a greater share of GVA generated by food and drink and 'other manufacturing', wholesale and transport and communication.

- South Somerset, Taunton Deane and West Somerset, on the other hand, are distinctive from each other and the County and national averages. In particular:
  - South Somerset has the highest share of GVA and employment derived from manufacturing of all the districts. This is particularly due to the presence of the *aerospace* sector.
  - Taunton Deane is the most service-sector orientated of the districts and has the largest share of output and employment derived from public services. *Human health and social work activities* and *administration of the state and the economic and social policy of the community* are particularly important sources of economic activity in this district.
  - West Somerset is the smallest of the district economies and has a particularly large share of output and employment in the *other production sector*. It has the lowest share of output and employment in public services.

3.1. Introduction

This chapter examines the industrial profile of the Somerset economy and the sub-economies operating within it, with respect to their contributions to output (measured by Gross Value Added (GVA)) and employment (measured by workplace jobs).

The chapter draws almost exclusively on 2011 estimates for output and jobs generated by Oxford Economics' Heart of the South West LEP Economic Model. This model was very recently updated with the latest official estimates for both Local Gross Value Added (ONS, 2012) and workplace-based employment (from the Business Register and Employment Survey) both published by the Office for National Statistics (ONS). This model - rather than the original ONS estimates - has been used to provide a snap-shot of economic activities as it: allows for district-level estimates of GVA; offers more extensive sectoral information at the County level (i.e. NUTS3); and the use of this single source helped maintain consistency across the report.

3.2. Structure of the Somerset economy

3.2.1. Gross Value Added

Somerset's economy was worth almost £9.1 billion (at current prices) in 2011, according to official sources (ONS, 2012). The Heart of the South West Economic Model estimate – of almost £8.9 billion - is a little lower because it has been adjusted for inflation and expressed at 2009 prices. The use of constant prices strips out the effect of inflation to reveal real changes in the value of economic activity.

3.2.1.1. Weight

Somerset's economy is weighted towards the service sector with services generating £6 billion, equivalent to two-thirds (66%) of GVA in 2011 (Table 3-1). The service sector can be broadly sub-divided into *marketed services* and *public services,* with the former generating twice as much GVA as the latter. While the distinction between marketed and public services is useful in gaining a broad understanding of how the economy is structured and in particular, in setting the scene for more detailed industrial analysis, it should not be confused with definitions of the public and private sector. For example, some *public services* (e.g. education and health) may be provided by the private sector.

The remaining third of GVA in Somerset is equally divided between the manufacturing (17%) and other production sectors.

Table 3-1: Gross Value Added (2009 prices) by broad sector, Somerset and the UK, 2011

Broad sector	Somerset		UK	LQ
	£m	%	%	
Manufacturing	1,505.4	17	11	1.5
Other production	1,445.2	16	11	1.5
Marketed services	4,010.1	45	58	0.8
Public services	1,905.4	21	20	1.1
All	8,866.1	100	100	1.0

Source: Heart of the South West LEP Economic Model, Oxford Economics

Table 3-2 provides more detailed information about the weight of different sectors in the Somerset economy. The manufacturing sector is the largest single contributor generating more than £1.5 billion in 2011 with significant contributions within this sector coming specifically from aerospace and advanced manufacturing. Other large sectors include wholesale and retail (£1 billion), human health and social work (almost £0.9 billion), construction (£0.8 billion) and real estate activities (almost £0.7 billion).

Table 3-2: Gross Value Added by broad sector, Somerset and the UK, 2011

Detailed sector	Somerset		UK	LQ
	£m	%	%	
Agriculture, forestry & fishing	172.7	2	1	3.3
Mining & quarrying	32.0	0	0	0.9
Manufacturing	1505.4	17	11	1.5
Advanced manufacturing (excluding aerospace & marine)	345.3	4	4	1.0
Aerospace	368.6	4	1	7.1
Marine	5.6	0	0	0.4
Food, drink & tobacco	298.1	3	2	2.1
Other manufacturing	487.8	6	5	1.2
Electricity, gas, steam & air conditioning supply	233.4	3	1	1.8
Water supply; sewage, waste management & remediation activities	173.0	2	1	1.5
Construction	834.1	9	7	1.3
Wholesale and retail trade; repair of motor vehicles and motorcycles	1081.6	12	11	1.1
Wholesale & retail trade & repair of motor vehicles & motorcycles	496.4	6	6	1.0
Retail trade, except of motor vehicles & motorcycles	585.2	7	6	1.2
Transportation & storage	335.3	4	5	0.8
Accommodation & food service activities	269.8	3	3	1.0
Accommodation	101.6	1	1	1.4
Food & beverage services	168.2	2	2	0.9
Information and communication	273.5	3	6	0.5
Financial & insurance activities	205.3	2	9	0.2
Real estate activities	672.4	8	7	1.1
Professional, scientific & technical activities	475.9	5	8	0.7
Professional services	448.4	5	7	0.7
Scientific & technical	27.4	0	1	0.4
Administrative & support service activities	390.5	4	5	0.9
Public administration & defence; compulsory social security	483.0	5	5	1.1
Administration of the State and the economic & social policy of the community	251.8	3	2	1.1
Provision of services to the community	211.6	2	2	1.0
Compulsory social security activities	19.6	0	0	1.7
Education	554.7	6	7	0.9
Human health & social work activities	867.7	10	8	1.2
Arts, entertainment & recreation	126.6	1	2	0.9
Other service activities	179.1	2	2	1.2
Total	**8,866.1**	**100**	**100**	**1.0**

Source: Heart of the South West LEP Economic Model, Oxford Economics

3.2.1.2. Focus

It is also instructive to examine the extent to which sectors are over- or under-represented in the Somerset economy compared with the UK average. Location Quotient (LQ) provides a useful tool in doing this by expressing the share of (in this case) GVA in a particular industry in Somerset as a percentage of that industry's share of GVA nationally. An LQ of more than one means that the sector is strongly represented locally compared with the UK, and an LQ of less than one means that it is less strongly represented locally.

Table 3-3 shows that the service sector is less important in terms of its share of GVA in Somerset than the UK average (66% compared with 78%) mainly due to the smaller share of GVA locally generated by marketed services. Within services, *marketed services* are under-presented and public services over-represented. Both production sectors account for a greater share of GVA in Somerset than the UK average with their combined contribution of one-third (33%) exceeding that of the UK by 11 percentage points. Thus, the LQ for manufacturing and other production is 1.5 for both sectors showing that these sectors are a particular focus in the Somerset economy.

Examining the more detailed data reveals that the sectors that have a particular focus in the Somerset economy are predominately in the production sector, most notably: manufacturing generally but predominately *aerospace* and *food drink and tobacco*; and *agriculture, forestry and fishing*; *electricity, gas, steam & air conditioning supply* and *water supply, sewage, waste management and remediation activities*.

Compulsory social security is the only service sector activity over-represented in terms of GVA locally. Information and communication, financial and insurance activities and scientific and technical activities all contribute particularly small shares of GVA compared with the UK average.

3.2.2. Employment

The preceding analysis examined the extent to which different industry sectors contribute to economic output. This section explores their contribution to employment, or, more specifically, jobs.

3.2.2.1 Weight

Most jobs in Somerset (75%) are concentrated in the service sector with marketed services accounting for half (49%) and public services accounting for one-quarter (26%) of employment (Table 3-3).

Table 3-3: Employment (Jobs) by broad sector, Somerset and the UK, 2011

Broad sector	Somerset		UK	LQ
	000s	%	%	
Manufacturing	31.8	12	8	1.5
Other production	33.3	13	9	1.4
Marketed services	127.5	49	56	0.9
Public services	67.0	26	26	1.0
All	259.6	100	100	1.0

Source: Heart of the South West LEP Economic Model, Oxford Economics

Examination of more detailed sectors (Table 3-4) shows that the largest in terms of their contribution to employment are:

- Manufacturing (31,800) and, more specifically, aerospace (6,700) and other advanced manufacturing (7,000), food, drink and tobacco (7,000) and other manufacturing (11,000);
- Human health and social work activities (35,800);
- Retail trade (29,000);
- Construction (20,200);
- Education (18,700).

3.2.2.2 Focus

The service sector accounts for a lower share of employment locally (75%) than nationally (82%), although the share of employment in public services is the same (Table 3-4). Manufacturing and production are a particular focus for employment locally.

Somerset's employment-focused strengths mirror those for outputs with sectors particularly strongly represented locally compared with the UK, including *aerospace*, *food*, *drink and tobacco*, *agriculture*, *forestry and fishing* and *accommodation* (Table 3-4). By contrast, under-presented sectors locally include *marine manufacturing*, *information and communication*, *financial and insurance activities* and *scientific and technical*.

Table 3-4: Employment (jobs) by broad sector, Somerset and the UK, 2011

Detailed sector	Somerset		UK	LQ
	£m	%	%	
Agriculture, forestry & fishing	9,400	4	1	2.7
Mining & quarrying	700	0	0	1.4
Manufacturing	31,800	12	8	1.5
Advanced manufacturing (excluding aerospace)	7,000	3	3	**1.4**
Aerospace	6,700	3	0	7.8
Food, drink & tobacco	7,000	3	1	2.0
Other manufacturing	11,000	4	4	1.1
Electricity, gas, steam & air conditioning supply	1,200	0	0	1.1
Water supply; sewage, waste management & remediation activities	1,800	1	1	1.2
Construction	20,200	8	7	1.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	43,200	17	15	1.1
Wholesale & retail trade & repair of motor vehicles & motorcycles	14,200	5	6	1.0
Retail trade, except of motor vehicles & motorcycles	29,000	11	10	1.1
Transportation & storage	9,400	4	5	0.8
Accommodation & food service activities	18,800	7	6	1.1
Accommodation	5,800	2	1	1.5
Food & beverage services	13,000	5	5	1.0
Information and communication	5,000	2	4	0.5
Financial & insurance activities	2,800	1	4	0.3
Real estate activities	3,000	1	1	0.9
Professional, scientific & technical activities	15,900	6	8	0.8
Professional services	15,100	6	7	0.8
Scientific & technical	800	0	1	0.5
Administrative & support service activities	15,700	6	8	0.8
Public administration & defence; compulsory social security	12,500	5	5	0.9
Administration of the State and the economic & social policy of the community	5,700	2	3	0.8
Provision of services to the community	6,300	2	2	1.1
Compulsory social security activities	500	0	0	1.1
Education	18,700	7	8	0.9
Human health & social work activities	35,800	14	13	1.1
Arts, entertainment & recreation	6,400	2	3	0.9
Other service activities	7,300	3	3	1.0
Total	**259,600**	**100**	**100**	**1.0**

Source: Heart of the South West LEP Economic Model, Oxford Economics

3.3. Industrial specialisms

It is possible to 'drill down' further into sector specialisms by applying LQ analysis to data from the ONS' Business Registers and Employment Survey. Table 3-5 and Table 3-6 present this information at the 2-digit and 3-digit Standard Industrial Classification (SIC) levels. Only sectors that employ more than 1,000 people and have location quotients higher than 1.5 are included, thus, the sectors listed are large in employment terms and are highly represented locally.

At the 2-digit SIC level, residential care activities is the largest over-represented employer but manufacturing of other transport equipment has the highest LQ and is therefore the most strongly over-represented sector locally – it is also the second largest over-represented sector in employment terms (Table 3-5). Several of the other sectors listed are also manufacturing specialisms.

Table 3-5: Industrial specialisms (2-digit SIC) on the basis of total employment in Somerset, 2011

	Somerset		England	LQ
	Total employment	%*	%*	
Residential care activities	8,800	4.0	2.5	1.6
Manufacture of other transport equipment	6,500	2.9	0.5	5.8
Manufacture of food products	5,800	2.6	1.2	2.2
Accommodation	5,400	2.4	1.4	1.7
Manufacture of electrical equipment	1,500	0.7	0.3	2.3
Other manufacturing	1,200	0.5	0.3	1.7
Manufacture of wood and of products of wood and cork[1]	1,100	0.5	0.2	2.5
Libraries, archives, museums and other cultural activities	1,000	0.5	0.3	1.7

Notes: [1] except furniture;manufacture of articles of straw and plaiting materials
* These figures exclude farm agriculture (SIC subclass 01000).
Source: BRES accessed via NOMIS

Examining data at an even finer grain of industrial classification (Table 3-6) shows that the most over-represented (and large) sectors are manufacture of dairy products and manufacturing of air spacecraft and related machinery. Other specialisms include freight transport by road and removal services, other residential care activities, holiday and other short stay accommodation, pre-primary education and manufacture of other food products.

Table 3-6: Industrial specialisms (3-digit SIC) on the basis of total employment within Somerset, 2011

	Somerset		England	
	Total employment	%*	%*	LQ
Manufacture of air & spacecraft & related machinery	6,000	2.7	0.3	9.0
Freight transport by road & removal services	4,200	1.9	0.8	2.4
Other residential care activities	4,100	1.9	0.8	2.4
Manufacture of dairy products	2,200	1.0	0.1	10.0
Holiday and other short stay accommodation	1,600	0.7	0.1	7.0
Pre-primary education	1,300	0.6	0.2	3.0
Manufacture of other food products	1,200	0.6	0.3	2.0

Notes: [1] except furniture;manufacture of articles of straw and plaiting materials
* These figures exclude farm agriculture (SIC subclass 01000).
Source: BRES accessed via NOMIS

3.4. Sub-economies within Somerset

The industrial composition of economic activity across Somerset is examined by broad sectors in Table 3-7(GVA) and Table 3-8(Employment) and in more detail in Table 3-9(GVA) and Table 3-10(Employment). Further supplementary information is also provided in Annex A. Briefly, the data shows that Mendip and Sedgemoor have broadly similar distributions of GVA and employment by sector to each other and have profiles that most closely resemble Somerset and the UK as a whole. However, even within these areas, particular strengths are apparent:

- Mendip, for example, has a slightly higher concentration of GVA derived from *information and communication*, *real estate* and *professional services* than the other districts; and
- Sedgemoor has a greater share of GVA generated by food and drink and 'other manufacturing', wholesale and transport and communication.

South Somerset, Taunton Deane and West Somerset, on the other hand, are distinctive from each other and the County and national averages. In particular:

- South Somerset has the highest share of GVA and employment derived from manufacturing of all the districts. This is particularly due to the presence of the *aerospace* sector.
- Taunton Deane is the most service-sector orientated of the districts and has the largest share of output and employment derived from public services. *Human health and social work activities* and *administration of the state and the economic and social policy of the community* are particularly important sources of economic activity in this district.
- West Somerset is the smallest of the district economies and has a particularly large share of output and employment in the *other production sector*. It has the lowest share of output and employment in public services.

Table 3-7: Gross Value Added by broad sector in Somerset's local authority districts, Somerset and UK, 2011

Industry sector	Mendip	Sedge-moor	South Somerset	Taunton Deane	West Somerset	Somerset	UK
Manufacturing	14	19	26	8	6	17	11
Other production	15	15	13	14	43	16	11
Marketed services	53	46	41	46	39	45	58
Public services	17	20	20	32	12	21	20
Total, £bn (=100%)	1.79	1.45	2.86	2.05	0.72	8.87	1,277.8

Source: Heart of the South West LEP Economic Model, Oxford Economics

Table 3-8: Employment by broad sector in Somerset's local authority districts, Somerset and UK, 2011, percentages (total in 000s)

Industry sector	Mendip	Sedge-moor	South Somerset	Taunton Deane	West Somerset	Somerset	UK
Manufacturing	10	13	20	6	5	12	8
Other production	15	13	12	10	24	13	9
Marketed services	55	51	45	48	52	49	56
Public services	21	23	24	37	19	26	26
Total, 000s (=100%)	53.2	47.4	81.7	61.8	15.4	259.6	31,352.0

Source: Heart of the South West LEP Economic Model, Oxford Economics

Table 3-9: Gross Value Added by broad sector in Somerset's local authority districts Somerset, 2011

Industry sector	Mendip	Sedge-moor	South Somerset	Taunton Deane	West Somerset	Somerset
Agriculture, forestry and fishing	2	2	2	1	5	2
Mining and quarrying	1	0	0	0	0	0
Manufacturing	14	19	26	8	6	17
Advanced manufacturing (excluding aerospace)	3	3	6	3	2	4
Aerospace	0	0	13	0	0	4
Food, drink & tobacco	5	7	3	1	1	3
Other manufacturing	7	10	4	4	4	6
Electricity, gas, steam and air conditioning supply	0	0	1	2	24	3
Water supply; sewage, waste management and remediation activities	1	2	1	3	5	2
Construction	10	10	9	8	9	9
Wholesale and retail trade; repair of motor vehicles and motorcycles	12	15	11	13	10	12
Wholesale & retail trade & repair of motor vehicles & motorcycles and wholesale trade	5	8	5	5	3	6
Retail trade, except of motor vehicles & motorcycles	7	6	5	8	7	7
Transportation and storage	5	7	3	2	2	4
Accommodation and food service activities	3	4	2	2	8	3
Accommodation	1	1	0	0	6	1
Food & beverage services	2	2	1	2	2	2
Information and communication	5	2	3	2	1	3
Financial and insurance activities	2	2	2	4	2	2
Real estate activities	10	5	8	7	7	8
Professional, scientific and technical activities	7	5	4	6	3	5
Professional services	7	5	4	6	2	5
Scientific & technical	0	0	0	0	0	0
Administrative & support service activities	3	3	6	6	2	4
Public administration and defence; compulsory social security	2	3	6	10	2	5
Administration of the State and the economic & social policy of the community	1	2	2	8	1	3
Provision of services to the community	1	1	5	2	1	2
Compulsory social security activities	0	0	0	0	0	0
Education	8	8	5	6	4	6
Human health and social work activities	7	10	8	15	6	10
Arts, entertainment and recreation	2	2	1	1	2	1
Other service activities	3	2	2	2	3	2
Total	1,778.6	1,454.7	2,861.3	2,054.7	716.8	8,866.1

Source: Heart of the South West LEP Economic Model, Oxford Economics

Table 3-10: Gross Value Added by broad sector in Somerset's local authority districts, Somerset, 2011

Industry sector	Mendip	Sedge-moor	South Somerset	Taunton Deane	West Somerset	Somerset
Agriculture, forestry and fishing	4	4	3	2	10	4
Mining and quarrying	1	0	0	0	0	0
Manufacturing	10	13	20	6	5	12
Advanced manufacturing (excl. aerospace)	2	2	5	2	1	3
Aerospace	0	0	8	0	0	3
Food, drink & tobacco	4	5	3	1	1	3
Other manufacturing	5	6	4	3	3	4
Electricity, gas, steam and air conditioning supply	0	0	0	0	5	0
Water supply; sewage, waste management and remediation activities	0	1	1	1	2	1
Construction	9	9	8	6	7	8
Wholesale and retail trade; repair of motor vehicles and motorcycles	17	19	15	18	14	17
Wholesale & retail trade & repair of motor vehicles & motorcycles and wholesale trade	4	8	6	5	3	5
Retail trade, except of motor vehicles & motorcycles	12	11	10	13	11	11
Transportation and storage	5	6	3	2	2	4
Accommodation and food service activities	8	9	5	5	20	7
Accommodation	2	3	1	1	14	2
Food & beverage services	6	6	4	4	6	5
Information and communication	3	1	2	2	1	2
Financial and insurance activities	1	1	1	2	1	1
Real estate activities	2	1	1	1	1	1
Professional, scientific & technical activities	9	5	5	7	3	6
Professional services	8	5	4	7	3	6
Scientific & technical	0	0	0	0	1	0
Administrative & support service activities	4	4	8	8	2	6
Public administration and defence; compulsory social security	2	2	6	9	2	5
Administration of the State and the economic & social policy of the community	1	2	1	6	1	2
Provision of services to the community	1	1	5	2	1	2
Compulsory social security activities	0	0	0	0	0	0
Education	9	8	6	7	6	7
Human health and social work activities	10	12	12	21	11	14
Arts, entertainment and recreation	3	3	2	2	3	2
Other service activities	4	2	3	2	4	3
Total	**53.2**	**47.4**	**81.7**	**61.8**	**15.4**	**259.6**

Source: Heart of the South West LEP Economic Model, Oxford Economics

4. BUSINESS COMPETITIVENESS

Key findings

Characteristics of enterprises

- There were 21,865 VAT and/or PAYE-registered enterprises operating in Somerset in 2012. The distribution of Somerset's businesses across industry sectors is broadly similar to the national average but with two main differences: agriculture, forestry and fishing accounts for a considerably larger share of businesses in all districts of Somerset than the England average but much more so in West Somerset where 29% of enterprises are in this land-based sector; and an under-representation in the information communication and professional, scientific and technical sectors is evident in all local authority districts.

- The vast majority (90%) of Somerset's businesses are micro-businesses employing fewer than 10 employees (with 77% employing between 0 and four employees). The distribution of businesses by employment size band is similar to the national average.

- Somerset's businesses fall into four turnover size bands in broadly equal proportions: less than £50,000 (23%); between £50,000 and £99,000 (23%); between £100,000 and £249,000 (29%) and £250,000 or more (25%). Somerset has a higher concentration of businesses in the smallest turnover band and a lower concentration in the highest turnover band compared with the England average.

- Somerset has a relatively mature business population with more than half (52%) trading for 10 years or more compared with the England average of 42%. In West Somerset, the percentage is even higher, at 63%.

- Businesses started in Somerset have better survival probabilities than average and are particularly more likely to survive over the short-medium-term (i.e. reach their fifth anniversary). Notwithstanding this, half of new businesses fail within their first five years.

- In 2010, 85 enterprises operating in Somerset were known to be foreign owned. These enterprises employed more than 9,300 people and generated £1,760 million in turnover. South Somerset had the most known foreign-owned enterprises and accounted for almost half (48%) of employment and two-thirds (62%) of turnover in foreign-owned enterprises in the County. Somerset has one of the lowest levels of internationalisation of all local authorities in England.

Changes in the size of the business population

- The County's business population has contracted over the last three of years (

- Figure 4-3) Business stocks fell in all districts within Somerset: in West Somerset (-6%), South Somerset (-5%), Mendip (- 4%), Taunton Deane (-3%) and Sedgemoor (-3%).

Productivity

- Productivity is an important measure of the efficiency of an economy and it simply expresses the value of economic output (GVA) per labour input. Labour input is commonly expressed in terms of jobs or Full Time Equivalents (FTEs). The Heart of the South West Economic Model estimates that the Somerset economy generates £34,157 per job or £41,452 per full-time equivalent. Productivity has traditionally been around 20% lower in Somerset than the UK average and this has not changed significantly in recent years.

- Productivity varies considerable by sector. Real estate activities and electricity, gas, steam and air conditioning supply clearly generate the most income per FTE employee followed by water supply, sewage and waste management and financial and insurance services. At the other end of the 'productivity scale', are accommodation, agriculture, forestry and fishing, and food and beverage services.

- Most sectors in Somerset are less productive than the national average with the most notable exceptions being: compulsory social security activities, electricity, gas, steam and air conditioning supply, administration of the state, real estate activities, water supply and other services activities. Mining and quarry has particularly low productivity in Somerset compared with the national average.

Drivers of productivity

- Somerset has a lower share of higher-level qualifications in its resident population than the national average.

- R&D intensity is low by European standards in the NUTS 2 area of Dorset and Somerset.

- Somerset has a higher share of employment in high-technology manufacturing[8] than the England average but a lower share of employment in most knowledge-intensive services

[8] This grouping includes the manufacture of: basic pharmaceutical products and preparations; computer, electronic and optical products; and air and spacecraft and related machinery.

4.1. Introduction

This section investigates the characteristics and health of the business population. It begins with an overview of business demography drawing on administrative data concerning VAT and/or PAYE registered enterprises. This will examine the characteristics of businesses operating locally including their sector, size in terms of employment and turnover, age and, finally, survival rates.

The second section focuses on performance, first in terms of the number of enterprises in the area and their survival rates, and then in terms of productivity. The productivity analysis utilises estimates from Heart of the South West Economic Model.

The third and final section of the chapter presents statistics about known drivers of productivity, specifically: business density and skills.

4.2. Characteristics of Somerset businesses

There were 21,865 VAT and/or PAYE-registered enterprises operating in Somerset in 2012.

4.2.1. Sector

The distribution of Somerset's businesses across industry sectors is broadly similar to the national average but with three main differences:

- Firstly, agriculture, forestry and fishing accounts for a considerably larger share of businesses in all districts of Somerset than the England average but much more so in West Somerset where 29% of enterprises are in this land-based sector.

- Secondly, further particular characteristics of the West Somerset business population are larger share of accommodation and food services, reflecting the importance of tourism to the local economy, and smaller concentrations of businesses in construction, information communication and, most notably, the professional, scientific and technical sector.

- Thirdly, the under-representation in the information communication and professional, scientific and technical sectors is evident in all local authority districts, with these two sectors accounting for 16% of businesses County-wide compared with 25% in England.

Table 4-1: Percentage of VAT and/or PAYE-based enterprises by broad industry sector in Somerset's local authority districts, Somerset and England, 2012

Industry sector	Mendip	Sedge-moor	South Somerset	Taunton Deane	West Somerset	Somerset	England
Agriculture, forestry & fishing	14	14	16	14	29	16	5
Production	7	8	7	5	4	7	6
Construction	13	14	14	13	8	13	12
Motor trades	3	4	4	4	4	4	3
Wholesale	4	5	4	4	4	4	5
Retail	7	7	8	8	9	8	9
Transport & storage (inc. postal)	4	4	3	2	2	3	3
Accommodation & food services	6	7	6	6	10	6	6
Information & communication	5	4	5	4	3	4	8
Finance & insurance	1	2	1	2	1	2	2
Property	3	3	3	4	2	3	4
Professional, scientific & technical	13	12	12	13	8	12	17
Business administration and support services	7	6	6	7	5	6	7
Public administration and defence	0	0	0	0	1	0	0
Education	2	1	2	2	1	1	2
Health	3	3	4	5	3	3	4
Arts, entertainment, recreation and other services	6	5	6	6	7	6	7
Total	5,090	4,425	6,515	4,180	1,655	21,865	1.84m

Source: UK Business: Activity, Size and Location, 2012; ONS
http://www.ons.gov.uk/ons/rel/bus-register/uk-business/2012/rft-uk-business-2012.xls

4.2.2. Employment size band

The vast majority (90%) of Somerset's businesses are micro businesses employing fewer than 10 employees (with 77% employing between zero and four employees). The distribution of businesses by employment size band is similar to the national average. West Somerset has a greater concentration of micro businesses than other districts of Somerset and has fewer proportions of businesses in each other employment size band, but even here the broad distribution is not substantially different from the England average.

Table 4-2: Percentage of VAT and/or PAYE-based enterprises by employment size band in Somerset's local authority districts, Somerset and England, 2012

Number of employees	Mendip	Sedge-moor	South Somerset	Taunton Deane	West Somerset	Somerset	England
% Micro <10	90.0	90.3	89.6	88.5	92.4	89.8	88.7
% Small (10-49)	8.6	8.5	8.6	9.3	6.9	8.6	9.2
% Medium (50-249)	1.3	1.1	1.5	1.4	0.6	1.3	1.6
Large (250+)	0.1	0.1	0.2	0.7	0.0	0.3	0.4
Total	5,090	4,425	6,515	4,180	1,655	21,865	1.84m

Source: UK Business: Activity, Size and Location, 2012; ONS
http://www.ons.gov.uk/ons/rel/bus-register/uk-business/2012/rft-uk-business-2012.xls

4.2.3. Turnover size band

Somerset's businesses fall into four turnover size bands in broadly equal proportions: less than £50,000 (23%); between £50,000 and £99,000 (23%); between £100,000 and £249,000 (29%) and £250,000 or more (25%). 7% of businesses in Somerset have a turnover of £1,000,000 or more (compared with 9% nationally). Somerset has a higher concentration of businesses in the smallest turnover band and a lower concentration in the highest turnover band compared with the England average (Table 4-3). As with employment size band, West Somerset is the only district to have a size distribution that is notably different from other districts in Somerset.

Table 4-3: Percentage of VAT and/or PAYE based enterprises by turnover size band in Somerset's local authority districts, Somerset and England, 2012

Turnover (£000s)	Mendip	Sedge-moor	South Somerset	Taunton Deane	West Somerset	Somerset	England
0 – 49	22	22	23	22	27	23	18
50 – 99	23	22	22	22	21	23	24
100 – 249	28	30	29	29	30	29	29
250 +	26	26	26	28	21	25	28
Total	5,090	4,425	6,515	4,180	1,655	21,865	1.84m

Source: UK Business: Activity, Size and Location, 2012; ONS
http://www.ons.gov.uk/ons/rel/bus-register/uk-business/2012/rft-uk-business-2012.xls

4.2.4. Age

Somerset has a relatively mature business population with more than half (52%) trading for 10 years or more compared with the England average of 42%. In West Somerset, the percentage is even higher, at 63%. The County has correspondingly smaller concentrations of in the youngest age groups: one-in-ten (11%) of Somerset businesses have been trading for less than two years compared with 17% in England.

Table 4-4: Percentage of VAT and/or PAYE based enterprises by age band in Somerset's local authority districts, Somerset and England, 2012

Number of employees	Mendip	Sedge-moor	South Somerset	Taunton Deane	West Somerset	Somerset	England
Less than 2 Years	12	12	11	12	9	11	17
2 - 3 Years	10	9	9	9	6	9	13
4 - 9 Years	28	28	28	28	22	27	28
10 or more Years	50	51	52	51	63	52	42
Total	5,090	4,425	6,515	4,180	1,655	21,865	1.84m

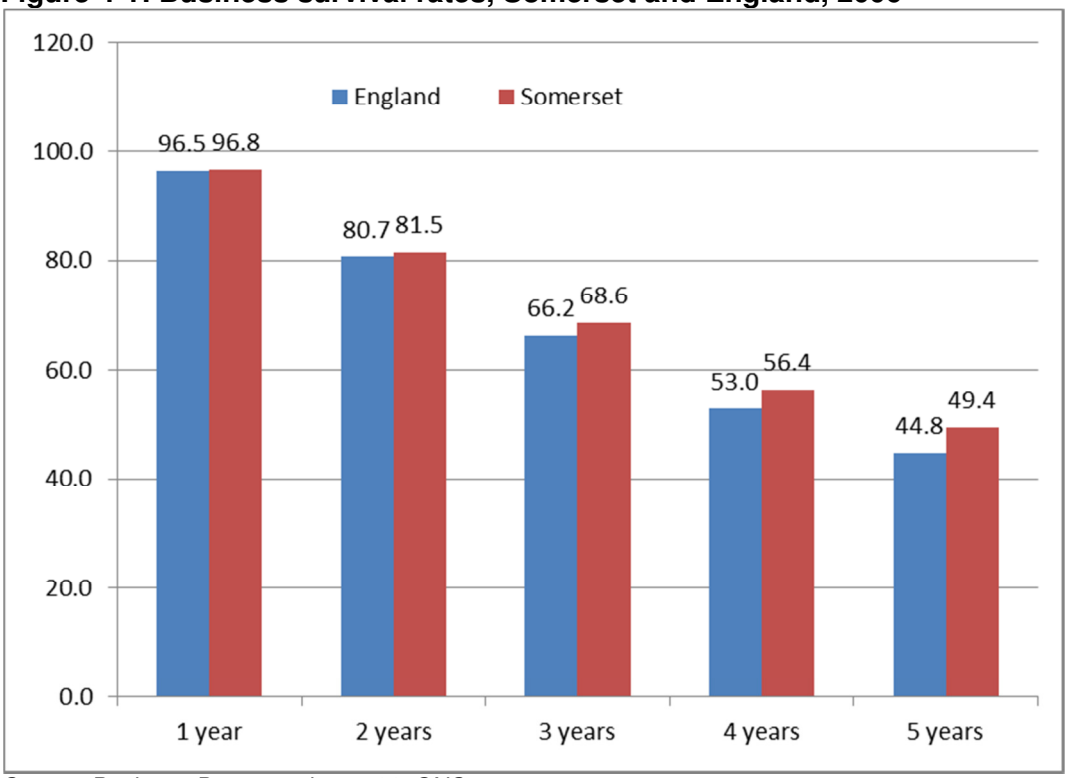
Source: UK Business: Activity, Size and Location, 2012; ONS
http://www.ons.gov.uk/ons/rel/bus-register/uk-business/2012/rft-uk-business-2012.xls

4.2.5. Business Survival rates

Business survival rate statistics show the percentage of businesses that were formed in a reference year that were still active one to five years later.

Figure 4-1 shows that businesses started in Somerset have better survival probabilities than average and are particularly more likely to survive over the short-medium-term (i.e. reach their fifth anniversary). Notwithstanding this, half of new businesses fail within their first five years.

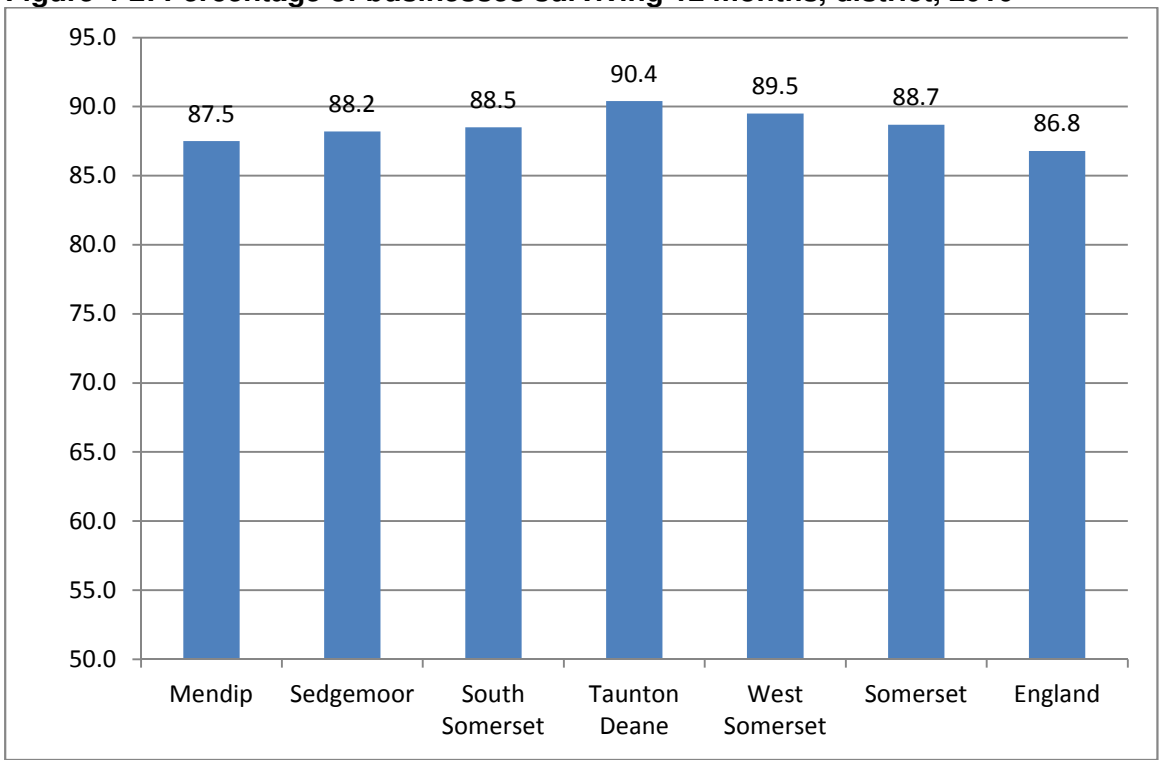
Figure 4-1: Business survival rates, Somerset and England, 2006



Source: Business Demography, 2011; ONS
http://www.ons.gov.uk/ons/rel/bus-register/business-demography/2011/rpt-business-demography.xls

Business survival rates do not vary substantially with County with the one-year survival rate in the highest-forming district (Taunton Deane) only exceeding that in the lowest performing district (West Somerset) by two percentage points (Figure 4-2).

Figure 4-2: Percentage of businesses surviving 12 months, district, 2010



Source: Business Demography, 2011; ONS
http://www.ons.gov.uk/ons/rel/bus-register/business-demography/2011/rpt-business-demography.xls

4.2.6. Ownership and autonomy

In 2010, 85 enterprises operating in Somerset were known to be foreign owned[9]. These enterprises employed more than 9,300 people and generated £1,760 million in turnover. South Somerset had the most known foreign-owned enterprises and accounted for almost half (48%) of employment and two-thirds (62%) of turnover in foreign-owned enterprises in the County.

Somerset has one of the lowest levels of internationalisation of all local authorities in England. Foreign-owned enterprises accounted for 0.4% of enterprises, 4% of employment and 10% of turnover in 2010 (Table 4-5). Within Somerset, the share of employment and turnover in foreign-owned enterprises is highest in South Somerset but even here, levels are well below the national average.

[9] Foreign-ownership information is provided by Dunn and Bradstreet. Ownership details are known for 4% of enterprises, 45% of employment and 58% of turnover.

Table 4-5: Percentage of local enterprises, employment and turnover in foreign-owned enterprises in Somerset's local authority districts, Somerset and England, March 2010

Area	Enterprises (%)	Employment (%)	Turnover (%)
Mendip	0.3	1.3	3.7
Sedgemoor	0.3	…	…
South Somerset	0.4	6.1	14.7
Taunton Deane	0.5	2.3	3.1
West Somerset	0.3	…	…
Somerset	0.4	4.0	9.6
England	1.3	14.3	37.4

Source: ONS accessed from: http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-253656

The Employer Skills Survey (UKCES, 2011) found that, compared with England as a whole Somerset had more branches among its business population (74%, compared with 60%) and fewer area, regional or head offices (11%, compared with 20%). Thus it would seem that Somerset has a lower share of enterprises where decisions about the business are made locally.

4.3. Performance of Somerset businesses

4.3.1. Changes in the size of the business population

This section uses data from the ONS Business Demography release. The estimates are generally higher than those from the ONS release, UK Business: Activity, Size and Location mainly because they include all enterprises that were active during the period rather than those that were operating on a particular day.

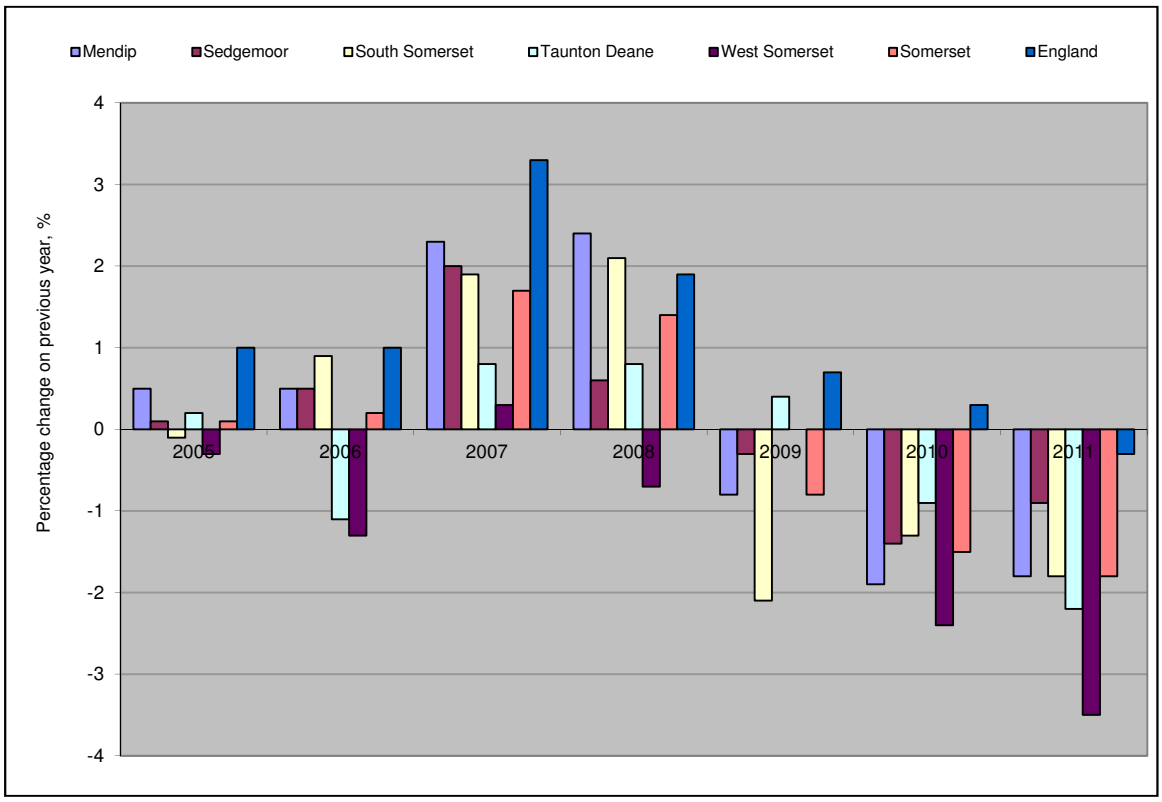
The County's business population contracted in each of the last three years (

Figure 4-3) with the stock of enterprises in 2011 4% lower (or 885 fewer) than the 2008 peak. By contrast, the number of businesses in England increased marginally (by less than 1%) over the same period. All districts in Somerset had fewer businesses in 2011 than in 2008: West Somerset (-6%), South Somerset (-5%), Mendip (-4%), Taunton Deane (-3%) and Sedgemoor (-3%). Business stocks also fell in all but one of Somerset's benchmark local authorities[10] between 2008 and 2011.

[10] Only Gloucestershire recorded an increase the size of its business population over this period.

Figure 4-3: Percentage change in number of active enterprises on previous year, 2004 to 2011

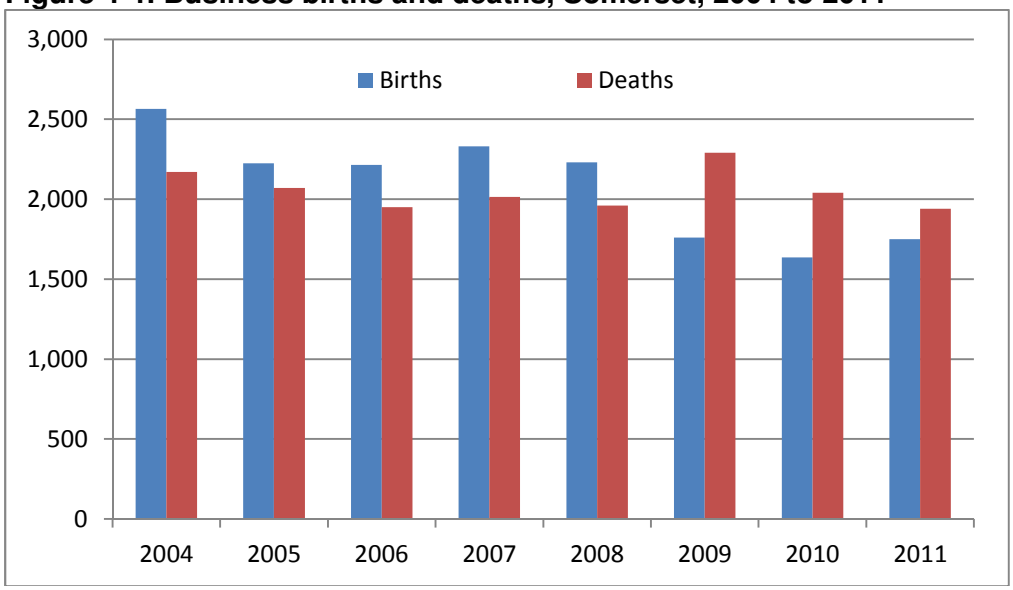
Source: Business Demography 2011, ONS
http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-283124#



Changes in the stock of businesses are the net product of new business formations ('births') and the closure of existing businesses ('deaths').

Figure 4-4 suggests that, while the number of business deaths still exceeds the number of births (as it has since 2009), the gap between them has progressively narrowed as the number of deaths has fallen and the number of births has risen.

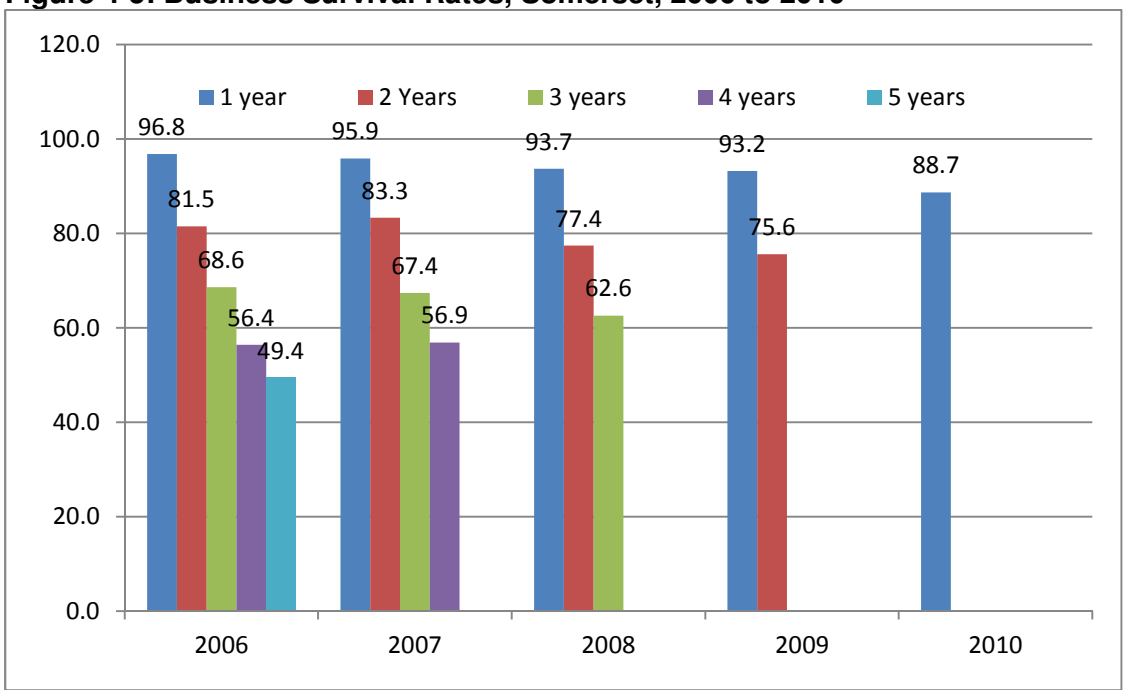
Figure 4-4: Business births and deaths, Somerset, 2004 to 2011



Source: Business Demography 2011, ONS
http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-283124#

The effect of the recession on reducing business longevity is clear (Figure 4-5) with 2010 appearing to be a particularly difficult year for new business start-ups. More than one-in-ten (11%) of businesses started in 2010 had closed within 12 months. This compares with 8% the year before. In the years immediately preceding the recession, the one-year failure rate was between 3-4%.

Figure 4-5: Business Survival Rates, Somerset, 2006 to 2010

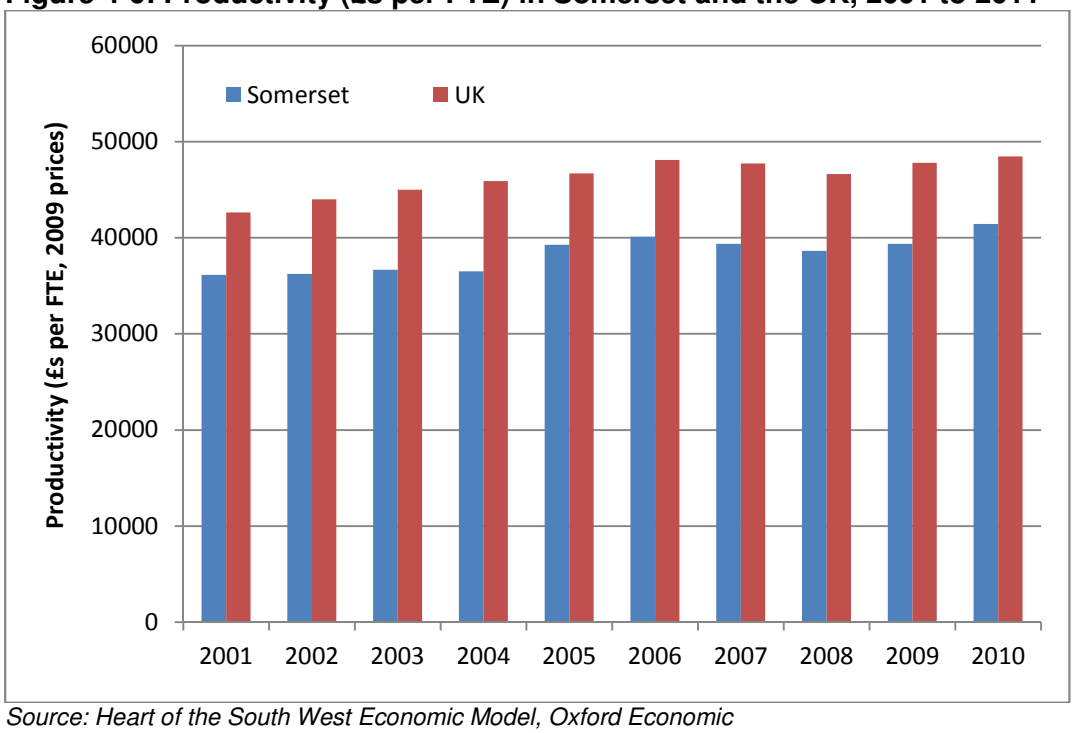


Source: Business Demography,ONS
http://www.ons.gov.uk/ons/rel/bus-register/business-demography/2011/rpt-business-demography.xls

4.3.2. Productivity

Productivity is an important measure of the efficiency of an economy and it simply expresses the value of economic output (GVA) per labour input. Labour input is commonly expressed in terms of jobs or FTEs. The Heart of the South West Economic Model estimates that the Somerset economy generated £34,157 per job or £41,452 per FTE in 2011. Productivity has traditionally been around 20 per lower in Somerset than the UK average and this has not changed significantly in recent years.

Figure 4-6: Productivity (£s per FTE) in Somerset and the UK, 2001 to 2011

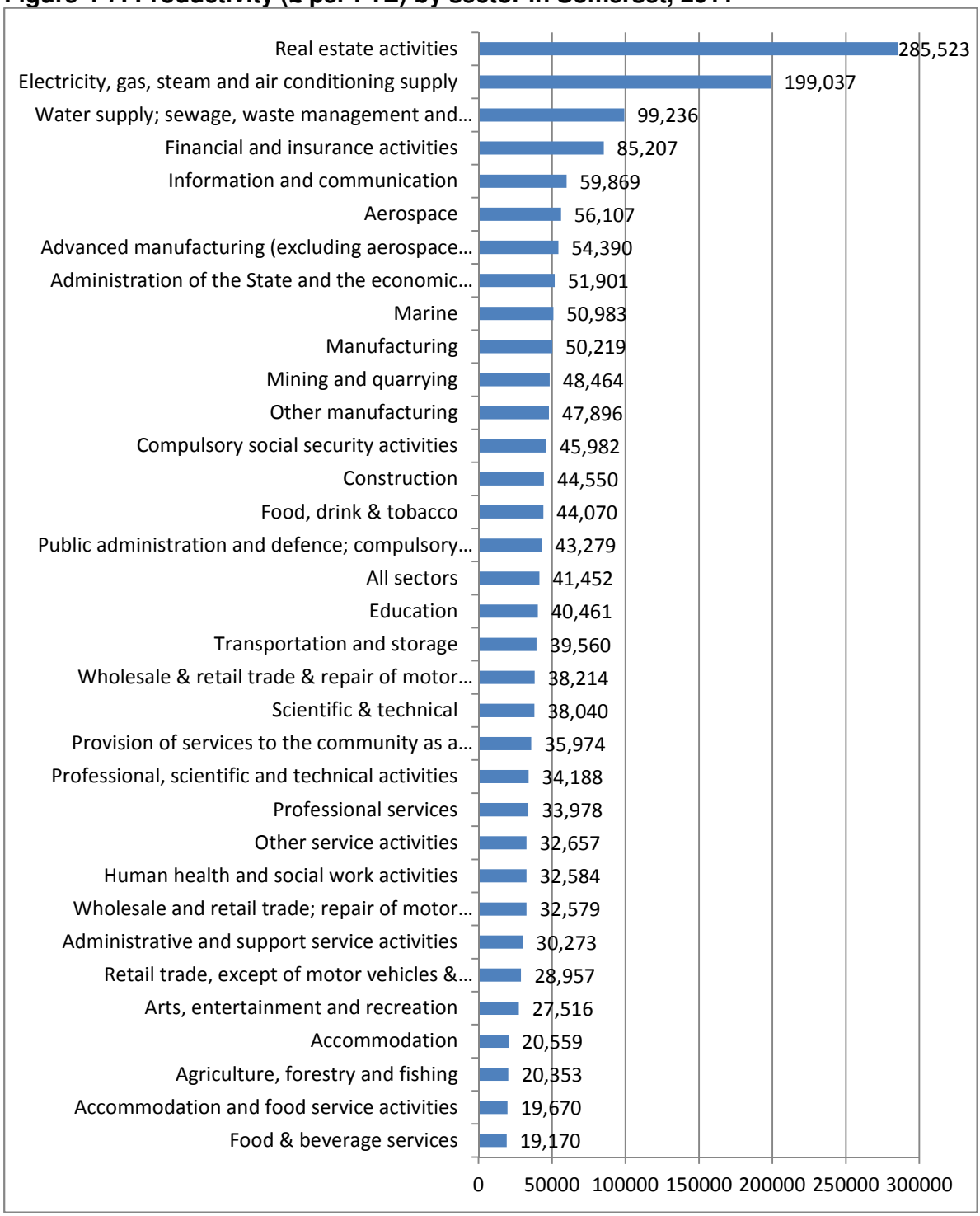


Source: Heart of the South West Economic Model, Oxford Economic

The Heart of the South West Economic Model provides estimates of productivity by industry sector.

Figure 4-7 shows that productivity varies considerable by sector. Real estate activities and electricity, gas, steam and air conditioning supply clearly generate the most income per FTE employee followed by water supply, sewage and waste management and financial and insurance services. At the other end of the 'productivity scale' are accommodation, agriculture, forestry and fishing, and food and beverage services.

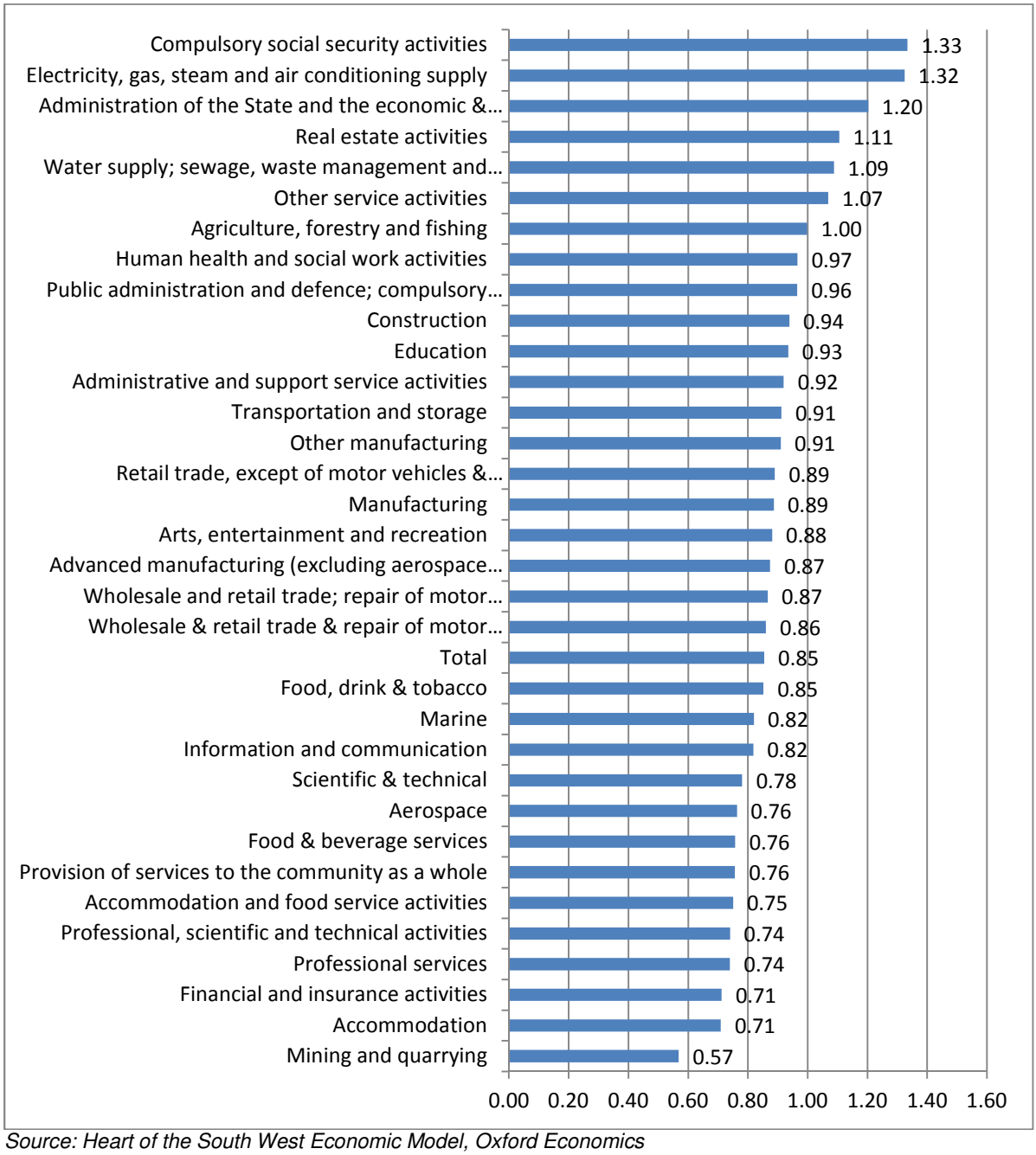
Figure 4-7: Productivity (£ per FTE) by sector in Somerset, 2011



Source: Heart of the South West Economic Model, Oxford Economics

Most sectors in Somerset are less productive than the national average with the most notable exceptions being: compulsory social security activities, electricity, gas, steam and air conditioning supply, administration of the state, real estate activities, water supply and other services activities. Mining and quarrying has particularly low productivity in Somerset compared with the national average.

Figure 4-8: Productivity (£s per FTE by industry sector) in Somerset (UK=100), 2011 (2009 prices)



Source: Heart of the South West Economic Model, Oxford Economics

4.4. Drivers of productivity

The drivers of productivity were explored comprehensively in an explanatory study of the productivity gap between the South West and London commissioned by the South West Regional Development Agency in 2005 (Boddy et al, 2005). It found that the gap could almost

wholly be explained by a string of known variables including capital stock, industrial composition, firm characteristics, hours worked and qualifications in the local area, and the time-distance to London and the next four largest cities in the UK. The study concluded that:

> *Differences in the volume of capital account for a considerable proportion of the overall productivity gap. Ownership structure, hours worked and qualifications, together also account for a considerable proportion. Time-distance from London and other major cities on its own has a considerable effect. […] Industrial structure is significant but does not have much overall effect.*

More recently, Defra also used regression analysis to identify the key drivers of productivity, and more specifically, to understand whether rurality plays a part (Defra, 2011) in explaining differences in productivity between local authority areas. The study revealed four key variables as 'robust' drivers of productivity: business start-ups per 1,000 population; number of employees per business unit[11]; capital investment per workforce job; and proportion of employees who are in public services (inverse relationship to productivity). Together, these variables explained almost 40% of the variability in productivity between local authority areas. On three of these measures[12] it is known that, compared with the national average, Somerset has:

- a lower number of business start-ups per 1,000 population (Table 4-6);
- a smaller share of large businesses (Table 4-2);
- a smaller proportion of employment in the public sector (section 5.4).

Introducing a further four – all spatially-related - variables improved the 'predictive power' of their model to 47%[13]. The additional variables suggest that productivity falls as distance from London increases and that productivity increases in areas where a higher proportion of the population live in 'large market towns' or villages. The authors concluded that, "We do not know whether GVA is being generated in these settlements or whether they provide the living environments that attract and retain highly productive workforces". Standardising the variables suggests that the number of employees per business unit and distance from the City of London have the biggest impact on productivity. The following sections present Somerset-specific data on the five key drivers of productivity identified by the Treasury:

- Skills and human capital
- Investment
- Innovation
- Enterprise
- Competition
-

4.4.1. Skills and human capital

Higher-level qualifications and skills have a direct impact on productivity by allowing enterprises to produce high value-added products and services but are also likely to increase rates of innovation including capacity to adopt new processes, new working procedures and use of ICT which in turn are also likely to increase productivity. Higher concentrations of high-level skills may also increase the likelihood of 'knowledge spill-overs' through local networks and interactions (Boddy et al, 2005). The South West RDA-funded "Productivity Gap" research found a reasonably high level of correlation between productivity and the proportion of the population with higher-level skills. However:

> *More rigorous analysis based on firm-level data confirmed that higher level skills make a statistically significant contribution to explaining skill differentials. The likely size of this*

[11] According to the model, if business start ups per 1,000 population increased by 10%, productivity would increase by 1.6%, all other things remaining equal.
[12] It has not been possible to locate information on capital investment per workforce job.
[13] These variables were: percentage of the population living in Large Market Towns; distance from the City of London; percentage of population living in villages; and number of centres of employment with less than 5,000 jobs accessible within a 'reasonable' time by car.

effect was, however, considerably less than suggested by aggregate level analysis – and considerably less significant than a range of other factors.

Boddy et al (2005)

The research also found a, "similarly small but significant relationship between the proportion of the labour force with no qualifications and (lower) levels of productivity. Interestingly, the recent Defra-funded research found that "skills and ICT have not proved to be prominent [drivers of productivity]" although it is mooted that the effects of the factors may have been captured indirectly within other drivers. Statistics suggest that Somerset has a lower share of higher-level qualifications in its resident population than the national average, as evidence by:

- the Annual Population Survey in 2011 which suggested that 32% of Somerset's *economically active population (aged 18-59/64)* is qualified to degree level (or equivalent) or above, compared with 38% in England; and
- the 2011 Census which puts the percentage of the *population aged 16 and over* with degree-level or above (or equivalent) in Somerset at 26%, compared with 27% for England.

The two sources produce very different estimates for the percentage of the population with no qualifications. The APS estimate which relates to the economically active population (aged 18 to 59/64) suggests that very few residents who are within or close to the labour market – just 3% (less than the England rate of 6%) - do not have any qualifications. At 22%, the Census result is considerably higher than the APS estimate, because it includes those who are economically inactive, and those who are aged 59/64 and over. The latter group, in particular, are known to be considerably less likely to hold formal qualifications (but are not necessarily less likely to possess higher-levels of 'human capital'). Hence, the percentage of the population with formal qualifications (at any level) is an imperfect proxy for the level of skills within the economy.

4.4.2. Investment

4.4.2.1 Business investment

The South West Productivity Gap research (Boddy et al, 2005) highlighted a relationship between investment per job and productivity "of a similar order of magnitude to that of skills" but at the same time concluded that there was "no evidence […] to suggest that businesses within particular sectors [in the South West] suffer from low capital investment compared with businesses in those same sectors elsewhere".

National Statistics measures of business spending on assets such as buildings, vehicles and machinery suggest that business investment is currently below pre-recession levels and while it increased modestly (0.4%) between the most recent quarter and the same quarter last year, it decreased by 1.2% over the previous quarter (ONS, 2013).

Very little information is gathered about levels of business investment locally although EUROSTAT publishes data on 'intramural' research expenditure – essentially research and development – which, along with 'intangibles' more generally, is an "increasingly important" form of business investment (Roger Tym & Associates, 2010). The Eurostat data for the NUTS 2 region of Dorset and Somerset suggests that the R&D expenditure by businesses represented less than 1% of GVA in 2009. Within the UK, the highest levels of R&D expenditure were recorded in Cheshire (6.5% of GVA) and East Anglia (5.9% of GVA). Across the EU-27, the 'R&D intensity ratio' was 2% of GDP.

4.4.2.2 Infrastructure investment

Investment in physical infrastructure including transport and communications, utilities, employment land and premises, regeneration and other facilities is an important contributor to productivity growth and economic prosperity (Boddy et al, 2005). The South West Productivity

Gap study found “strong evidence of the considerable importance of journey times to levels of productivity”.

See Section 10.6 for investment in Broadband.

4.4.2.3 Inward investment

Inward investment can also raise productivity if the incoming businesses are more productive than the indigenous business population. Into Somerset, the inward investment organisation, estimates that the inward investments that it has assisted have created more than 1,000 jobs in the County since late 2009, generating an additional £28 million in salaries. Notable investments, over the last four years include:

- Easynet, relocating from London to Shepton Mallet;
- Cornwall Glass and Glazing, expanded into Highbridge;
- Paragon Laundry moved back into Yeovil;
- Daido Metal in Illminster;
- Rigid Containers in Wellington;
- Hauser and Wirth, creating international art gallery in Bruton;
- EMCAS, setting up in Taunton;
- Ministry of Cake, relocating part of its enterprise from Torquay to Taunton.

There is anecdotal evidence that the economy is “a little too flat to proceed” (Into Somerset, 2013) with some prospects in the pipeline dependent on Hinkley Point C and the economy returning “a little in their favour”. There are no patterns or clusters of investments or enquiries emerging by sector although Into Somerset has observed a reduction in enquiries from the creative sector and, in particular, film and print.

4.4.3. Innovation

Innovation is strongly linked to business and economic growth. According to the LEP Network (2012), “innovation:

- contributes to economic growth and development, helping to build new specialised market niches or completely new markets, processes, business models, sources of productivity and sources of competiveness advantage; and
- can help a local economy achieve competitive advantage as it contributes to new and more efficient methods of generating products and services.”

Crucially, however, as Boddy et al. (2005) revealed, evidence suggests that:

> *it is differences in the dissemination and adoption of innovative and more efficient ideas that is generally important to most countries and regions rather than production of leading edge products, technologies or processes which tend to be much more restricted in scope. There is also evidence of significant barriers to the dissemination of innovation such that its spread remains highly localised. Studies have shown that under-performing regions and localities have particular problems in absorbing new technologies. This, it is suggested, is likely to be a key explanation for variations in regional innovation performance.*

Assessing the importance of innovation in explaining productivity differentials is frustrated somewhat by the difficulty in capturing the “complexity and multi-faceted nature” of innovation in a single index. For example, while the South West Productivity Gap research found positive relationships between productivity and R&D intensity (explored in the investment section above) and the degree of specialisation in high tech sectors across the NUTS 2 regions across Europe, and between productivity as high technology patents at NUTS 2 levels in the UK, its more detailed firm-level analysis did not reveal a significant relationship between productivity and levels of R&D investment. The study concluded that “this is not to deny its importance to some firms and industries, but the overall findings

suggest that for many firms it is not relevant" (Boddy et al, 2005). Section 4.4.2.1 has already examined levels of R&D expenditure in the County. The following sections examine the degree of specialisation in high technology sectors and the registration of patents.

4.4.3.1 Employment in high-technology manufacturing and knowledge-based services

The UK's knowledge economy has "increasingly driven economic performance, jobs generation and export growth". Table 4-6 compares the distribution of employment in Somerset by the technology or knowledge intensity of the industry. According to the BRES estimates, 12,200 people are employed in high or medium-high technology manufacturing enterprises in Somerset and 92,900 are employed in knowledge-intensive service enterprises. Somerset has a higher share of employment in high-technology manufacturing[14] than the England average but a lower share of employment in most knowledge-intensive services (the only exception is a one percentage point higher share in other knowledge-intensive services[15]).

Table 4-6: Employment in high-technology manufacturing and knowledge based services1 in Somerset and England, 2011

	Somerset		England
	Total employment	%	%
Manufacturing			
Of which:			
High-technology	**7,200**	**3**	**1**
Medium-high technology	**5,000**	**2**	**2**
Medium-low technology	5,600	3	3
Low-technology	11,300	5	3
Services			
Of which:			
Knowledge-intensive services	**92,900**	**42**	**49**
Of which:			
Knowledge-intensive market services	18,300	8	11
High tech knowledge-intensive services	4,000	2	4
Knowledge intensive financial services	2,800	1	4
Other knowledge-intensive services	67,700	31	30
Less knowledge-intensive services	83,800	38	36
Other production	16,000	7	7
All industries	**221,700**	**100**	**100**

Note: [1] Based on OECD 'High-technology' and 'knowledge based service' aggregations based on NACE Rev.2
* These figures exclude farm agriculture (SIC subclass 01000).
Source: BRES accessed via NOMIS

[14] This grouping includes the manufacture of: basic pharmaceutical products and preparations; computer, electronic and optical products; and air and spacecraft and related machinery.
[15] This includes: publishing activities; veterinary activities; public administration and defence, compulsory social security; education; human health and social work activities; and arts, entertainment and recreation.

The Somerset Competitiveness Policy Report, published in August 2010 by Roger Tym and Partners (Tym, 2010), suggested that: "given Somerset's business base and history of firms in innovative sectors the County should be performing at a higher level [in terms of innovation". Indicators of innovative activity at the enterprise level are rather few and far between. The number of patents[16] per million head of population is often used as an indicator of innovative activity within firms and on this measure, Somerset under-performs compared with most of its comparator areas with almost 40 patents registered per million inhabitants in 2009[17] (Eurostat, 2013). The Heart of the South West has one of the lowest rates of patenting per 100,000 residents of all the LEP areas (The LEP Network, 2012).

Business surveys can provide a source of information about innovative activities within the enterprise. The Heart of the South West Business Survey 2012 found that:

- 58% of respondents had introduced a new product or service over the last three years; and
- 13% of respondents had introduced new processes over the last three years.

The survey also found that where a new product or service had been introduced, 77% indicated that it had extended their product or service range, while 55% claimed it had added value to their products and services. Other findings included:

- Customers and clients were the *most important driver of innovation* and the most important 'external organisation' in supporting innovation.
- The availability and cost of finance were the *most restrictive factors* hindering innovation (although even these factors were only rated 2.76 and 2.72 on a five point scale, in terms of how restrictive they had been to the development of new products, services or processes).
- Universities were not an *important source of support* for innovation for the vast majority of respondents; this was mainly because they were not needed or respondents were unaware of what support was available or how it could help them.
- Networking and acquisition of knowledge were cited by the most respondents as being 'very important' to the success or growth of their businesses. These were more likely to be seen as 'very important' than innovation and collaboration.
- 'Funding' and 'more time' were the most common answers to an open question about what type of support businesses would like to help them overcome barriers to growth.

4.4.4. Enterprise

The density of the business population in terms of the number of new businesses created and the existing business stock, in relation to population, is a commonly accepted measure of business dynamism. Somerset has a relatively low rate of new business formation.

[16] Care should be taken interpreting the data as not all inventions are patented and patent propensities vary across activities and enterprises; furthermore, patented inventions vary in technical and economic value (EUROSTAT).
[17] This compares with 73 in Gloucestershire, 53 in North Yorkshire 51 in Lincolnshire and 44 in Norfolk, 33 in Shropshire and 26 in Cumbria.

Table 4-7: Business births and stock and the density of business births and stocks (per 10,000 head of population) in Somerset's local authority districts, Somerset and England, 2011

	Number of business births	Births per 10,000 head of population (16-64)	Stock of enterprises	Enterprises per 10,000 head of population (16-64)
Mendip	415	61	67,600	736
Sedgemoor	400	57	70,600	609
South Somerset	505	51	98,200	635
Taunton Deane	335	49	68,400	608
West Somerset	95	48	19,700	703
Somerset	**1,750**	**54**	**324,400**	**649**
England	232,460	68	34,347,400	594

Source: Business Demography, ONS

4.4.5 Competition

Roger Tym & Partners (2010) concluded that, "In general local competition is relatively low amongst local businesses. However for many of the high growth enterprises and firms in growth sectors local competition is not the key factor as they are competing at national and in some cases international markets".

The Employer Skills Survey 2011, commissioned by the UK Commission for Employment and Skills, found that the local markets are the primary market for half (49%) of respondents in Somerset. One-fifth (18%) operated primarily across the region, 0.25% operated primarily nationwide (or within the UK) and 8% operated mainly internationally (Table 4-8). The survey found that establishments in Somerset were more likely to have markets that were primarily local, regional or national and were less likely to have markets elsewhere within the UK or overseas than the England average.

Table 4-8: Geographical area in which an establishment's goods/services are primarily sold/service the population in Somerset and England, 2011

	Somerset		England
	Weighted count	%	%
Locally	8,768	49	47
Regionally	3,271	18	14
Nationally	2,341	13	11
Within the UK	2,188	12	15
Internationally – outside the UK	1,432	8	12
Don't know	0	0	*
Total (=100%) (Unweighted count)	**911**	**100**	**100**

Source: Employer Skills Survey (2011), UK Commission for Employment and Skills

Analysis of BRES Input-Output tables presented in the LEP Network report on LEP area economies (2012) suggests that South Somerset has the highest share of employment in export-intensive industries among the County's local authority districts. The district also ranks

among the top fifth of local authority districts nationally on this measure. Mendip and Sedgemoor rank in the second quintile of local authorities nationally and Taunton Deane and West Somerset in the bottom (fifth) quintile.

The Heart of the South West Business Survey also explored the geographical markets that local businesses operate in. The survey found that almost half of firms (48%) sold good or services within five miles of their organisation although for two-thirds (65%), their market extended to within 50 miles of their location. One-fifth (21%) of respondents reported trading internationally (either within or beyond the EU). The most common reasons for not exporting were that the business was too small, or that it was 'not appropriate'. When asked what assistance would help respondents to trade more widely, the most common response was 'none' although finance was the most commonly cited opportunity for support among those respondents that identified a particular area of assistance.

Table 4-9: All geographical markets operated/traded in, Heart of the South West, May 2012

	Un-weighted count	%
Immediate (within 5 miles of your location)	192	48
Local (within 50 miles of your location)	258	65
Regional (within 100 miles of your location)	165	42
National	164	41
EU	74	19
Beyond the EU	54	14
Don't know	1	0
Total (Unweighted count)	**397**	**-**

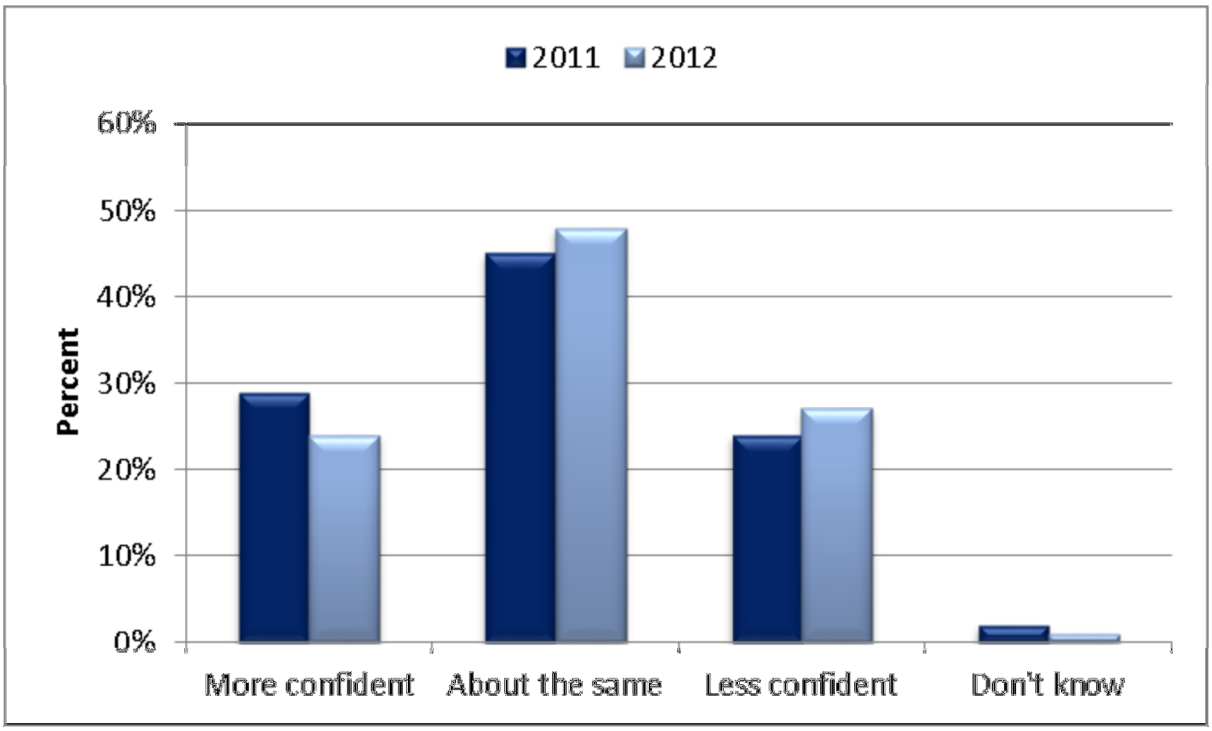
Percentages do not add to 100 due to multiple responses
Source: SERIO Heart of the South West Business Survey 2012

The Lords Select Committee on Small and Medium Sized Enterprises recently reported that, "one in five UK SMEs export (and, in 2010, one in 20 outside the EU). The EU average is one in four" (Lords Committee, 2013). It has called on the government agencies, UK Trade and Industry and UK Export Finance, to do more to ensure SMEs know where to go for help in exporting.

4.5. Business confidence

The Heart of the South West Business Survey explored levels of business confidence and aspirations for the future in 2011 and 2012. Fewer respondents in 2012 than in 2011 were more confident about prospects for their business compared with 12 months ago (24% compared with 29 percent. Furthermore, fewer felt prospects for their business had not changed over the previous year and more were less confident than 12 months ago or did not know.

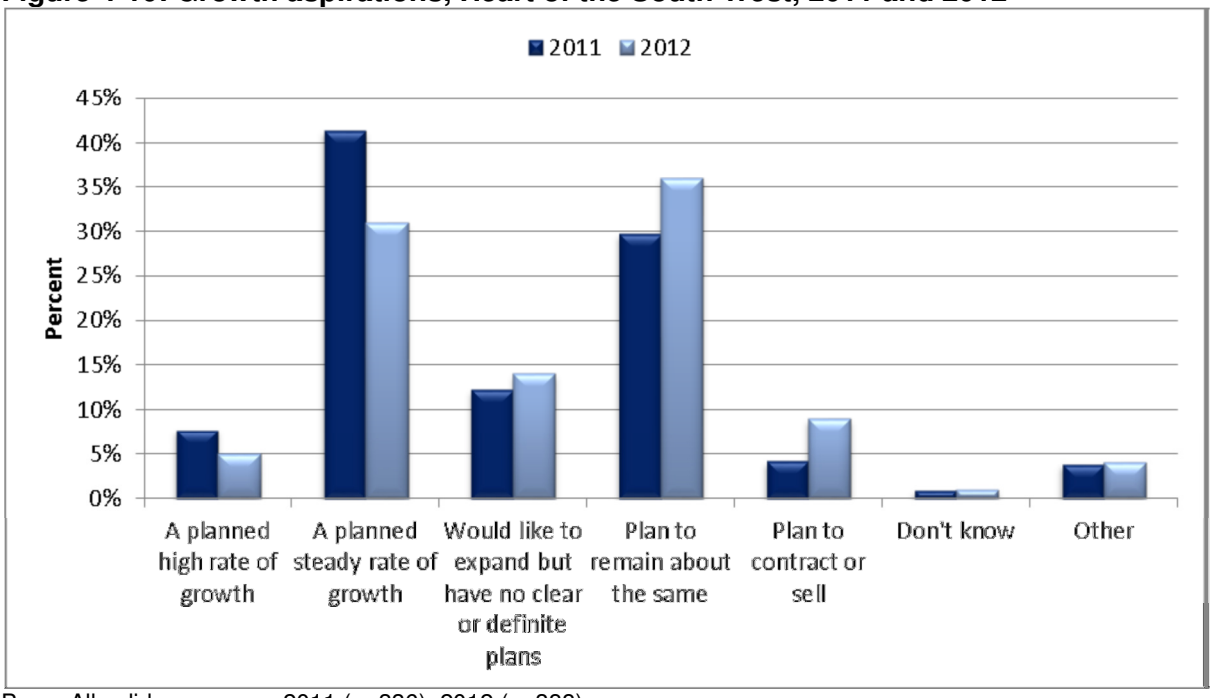
Figure 4-9: Measures of business confidence in the Heart of the South West, 2011 and 2012



Base: All valid responses: 2011, (n=337), 2012 (n=393)
Source: SERIO, Heart of the South West Business Survey 2011 and 2012

Respondents to the 2012 Heart of the South West Business Survey were also less likely than those responding a year earlier to be planning to grow their businesses (Figure 4-10). In 2011, 49% of respondents were planning for a high or steady rate of growth. In 2012, 36% of businesses were aspiring *and* planning for growth.

Figure 4-10: Growth aspirations, Heart of the South West, 2011 and 2012



Base: All valid responses: 2011 (n=336); 2012 (n=388)
Source: SERIO, Heart of the South West Business Survey 2011 and 2012

Overall, the UK economy remains fragile, with manufacturers in particular feeling gloomy about near-term growth prospects[18]. The latest Business Trends survey, released by manufacturers' organisation EEF, paints a grim picture: output and orders are down across the board. South West Regional director Phil Brownsord said: "Previously, export had been a saving grace, but people are jittery about the eurozone, while growth has slowed in China. One small comfort is the US election being out of the way, so people can plan in that market."

However, a survey of SME South West manufacturers has revealed a positive outlook. Nearly two-thirds (64%) of the 160 respondents to the latest Barometer from the Manufacturing Advisory Service said they were expecting to increase turnover over the next six months. This is a significant rise of 23 percentage points from the same quarter last year. Manufacturers' confidence is further reflected by their investment intentions, with nearly half of respondents (47%) expecting to increase investment in machinery over the next half year, a 6% increase on last quarter[19].

The Federation of Small Businesses' (FSB) "voice of the small business index" suggests the number of businesses planning for "high growth" in the South West was down three percentage points on 2011, having fallen from 8% in 2011 to 5% in 2012. Worryingly, the proportion of businesses planning for a more modest "steady growth" rate has fallen by 10 percentage points from 41% in 2011 to 31% in 2012 according to the FSB survey.

4.6 Barriers to growth

Lack of consumer demand was the most commonly identified barrier to business growth, cited by 36% of respondents to the Heart of the South West Business Survey (SERIO, 2012). One quarter (26%) of respondents reported that it was their personal choice not to grow their business and 23% that local competition was a barrier to growth. Other barriers most frequently cited included:

[18] http://www.nsbl.co.uk/business-confidence-rallies-october/7187/
[19] http://www.nsbl.co.uk/positive-outlook-regions-manufacturers/8286/

- Competition from other parts of the UK 16%
- External restrictions (planning, licensing, regulations) 16%
- Lack of suitable staff 15%
- Lack of investment 14%

The survey also explored business access to finance. Around one-quarter (26%) of respondents in the Heart of the South West reported difficulties in accessing finance. The most common difficulties related to banks, more specifically with regard to:

- Banks being reluctant to lend (63% of respondents reporting problems accessing finance).
- Banks offering unattractive terms of borrowing (14%).
- Banks offering unattractive rates/cost of borrowing (9%).

5. ECONOMIC PERFORMANCE

Key points

- Analysis of economic growth rates post-2000 reveal three distinct phases: a period of *expansion* (between 2000 and 2007) when the Somerset economy grew by 24% in real terms; a short period of *contraction* (between 2007 and 2009); and subsequent *recovery* (between 2009 and 2011).

- The value of economic output in Somerset was marginally higher (0.4%) in 2011 than in 2007. By contrast, the UK economy was 1.8% lower. While output in Mendip and South Somerset has returned to pre-recession levels, it has yet to do so in Taunton Deane, Sedgemoor or West Somerset.

- The expansion was mainly driven by the marketed services sector and retail and wholesale, administrative and support services and professional services in particular.

- All broad sectors except public services contracted between 2007 and 2009. In absolute terms, the largest falls were in construction and real estate activities; although accommodation and electricity and gas recorded the largest percentage contractions.

- The recovery period (2009 to 2011) appears to be more broadly balanced across sectors than the expansion, with the most notable feature being the continued contraction of the wholesale and retail sector (which was a significant source of growth during the expansion). Rather, growth is being sourced, primarily, from construction, advanced manufacturing, human health and social work, professional services, administrative and support services and real estate.

- Two trends in jobs growth emerged post 2001: expansion of 11.5% between 2001 and 2008; and contraction of 2.6% between 2008 and 2011. Within Somerset, jobs growth was strongest in Mendip between 2001 and 2011 although all districts recorded stronger jobs growth over the period than the national average.

- As for output, marketed services were an important source of jobs growth during the expansion although employment also increased in all other broad sectors with the exception of manufacturing.

- Several sectors had fewer jobs in 2011 than in 2008 (when employment last peaked in Somerset). In percentage terms, the contraction in jobs has been most acute in real estate activities, provision of services to the community and mining and quarrying. By contrast, job growth has been strongest in water supply, electricity, gas, steam and air conditioning and aerospace.

- According to the Business Register and Employment Survey, 81% of employment in Somerset in 2011 was in the private sector. While this figure is marginally higher than in the previous year and the England average, the differences are unlikely to be statistically significant.

5.1. Introduction

This chapter looks at Somerset's overall economic performance. First, it is important to consider this performance in the context of the economic situation nationally and globally. We then consider trends in GVA and employment by sector and at a district level within the County.

5.2. National and global context

The fortunes of the Somerset economy will be strongly influenced by the national economic and policy context. The adverse economic conditions and financial crisis continue unabated, and the hoped-for sustained recovery from the deepest recession in decades is proving elusive. Within this context, the Coalition Government's approach continues to be spearheaded by its deficit reduction plans and monetary activism, whilst on the supply-side a variety of reforms seek to support businesses and create jobs.

The 2013 Chancellor's Budget saw the Office for Budget Responsibility (OBR) halve the forecast growth for 2013 from the 1.2% it had predicted in December 2012 to 0.6%. This is explained by lower than expected exports as a result of the continued economic crisis in the Eurozone and slower growth in the developing economies. At the same time, borrowing is likely to continue at the same pace as this year indicating the economic problems and debt crisis are taking longer to resolve.

Despite this, the UK labour market continues to perform more strongly than forecast, with a net increase of over one million jobs in the private sector since the first quarter of 2010. Employment rose by 584,000 in the fourth quarter of 2012 compared with a year earlier and employment levels were the highest recorded since the pre-crisis peak. The OBR expects employment to continue to rise over the forecast period.

The UK is now eighth in the World Economic Forum Global Competitiveness Report but a range of factors have weighed heavily on the UK economy:

- the impact of the financial crisis on GDP and productivity has been greater than expected;
- the Euro zone crisis has damaged confidence and reduced external demand;
- the price of commodities has driven inflation, reduced real incomes and raised business costs, all of which impact on demand in the economy;
- the high cost and availability of credit has acted as a significant barrier to business growth.

5.2.1. Policy Context

In response to the economic conditions, the Government's economic strategy comprises:

- monetary activism and credit easing;
- tackling the public sector deficit as a top priority so that, in addition to cuts in public funding, significant action is being taken on welfare spending and reforms aimed at reducing spending and improving the incentives to work;
- reform of the financial system, improving the regulatory framework to reduce risks to the taxpayer and build the resilience of the system; and
- a package of structural reforms, aimed at rebalancing and strengthening the economy for the future, including local growth initiatives, a housing package and programme of infrastructure investment.

Economic growth is a clear Government priority and this emphasis is likely to gather pace as we enter the second half of the Government's current term in office. Significant changes have

taken place in the external environment, and in terms of the infrastructure and funding in support of local and regional economic growth.

The localism agenda forms a central plank of Government thinking. Communities and their councils will have much greater autonomy in deciding their own needs. A key component of localism is the Local Enterprise Partnership (LEP). LEPs have been given a clear task by the Government, to provide the strategic leadership to set economic priorities and create the right environment for business and growth. LEPs, therefore, have as their focus measures to create jobs, improve business conditions and generate growth.

This has been underpinned in the recent Budget through the creation of a Single Local Growth Fund which will be open to competition by LEPs. LEPs will be asked to develop new strategic multi-year plans for local growth, streamlining the management of the EU Structural and Investment Funds in England and aligning priorities on the basis of the plans led by LEPs.

The Plan for Growth identifies a range of sectors as important for the UK economy: Healthcare and life sciences; advanced manufacturing; construction; digital and creative industries; retail; professional and business services; space industry; and tourism. Recent Government announcements seek to build on the UK's strengths, with £1.6 billion of funding to support strategies in 11 key sectors: automotive, aerospace, life sciences, agri-tech, professional business services, information economy, construction, education, nuclear, oil and gas, and offshore wind as part of its industrial strategy. The Government is working with industry to create sector strategies that identify long-term opportunities and address barriers to growth.

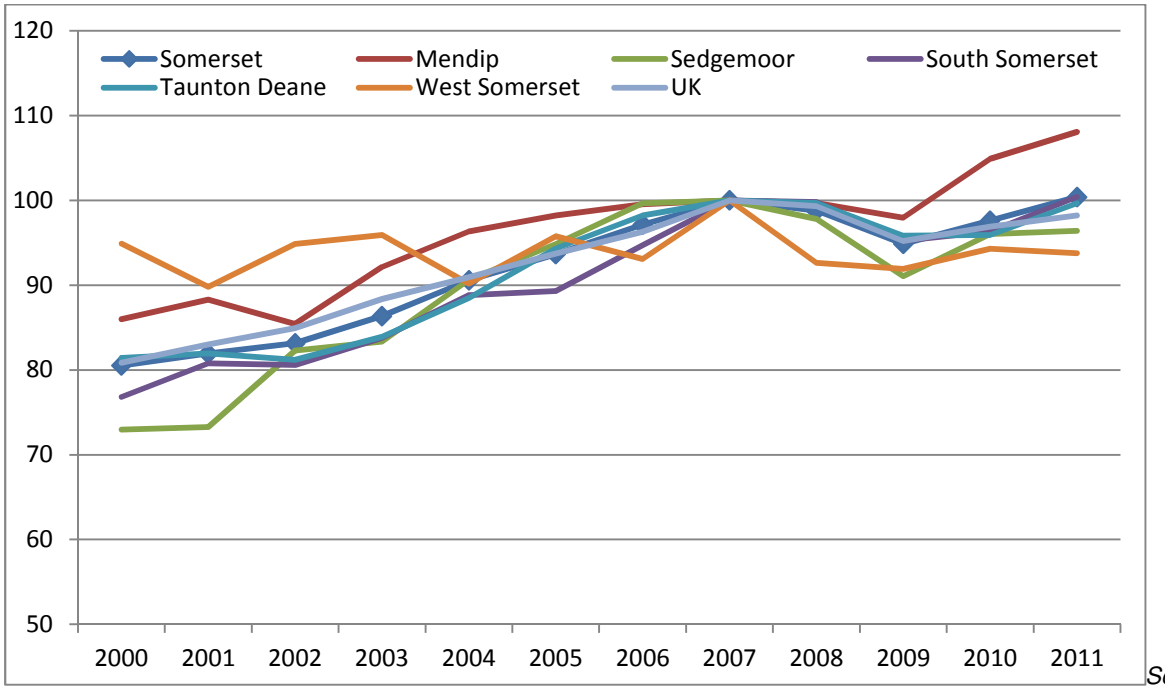
5.3 Trends in GVA

5.3.1. Overall

According to the Heart of the South West Economic Projections Model, the Somerset economy was worth almost £8.9 billion in 2011, at 2009 prices. Trends in economic growth in Somerset since 2000 can be categorised into three phases (Figure 5-1):

- Consistent year-on-year growth between 2000 and 2007, resulting in an expansion of 24% in real terms over the period. This was the same as the UK average.
- Contraction of 5.1% between 2007 and 2009, reducing the size of the Somerset economy to 2005 levels. Again, the change locally was on a par with the national average (4.8%).
- Growth of 5.8% in Somerset and 3.2% in the UK between 2009 and 2011. The Somerset economy is, therefore, marginally (0.4%) larger than in 2007 and the UK economy is 1.8% smaller.

Figure 5-1: Indexed GVA growth in Somerset's local authority districts, Somerset and UK, 2000 to 2011 (2007=100)



Source: Heart of the South West LEP Economic Model, Oxford Economics

5.3.2. Trends by local authority district

Figure 5-1 and Table 5-1 show that Sedgemoor and South Somerset were the strongest performing local authorities during the 2000-2007 expansion, with growth rates in excess of the national average. By contrast, economic output in West Somerset grew only very modestly over the period.

Output fell in all districts between 2007 and 2009 but by the greatest percentages in the previously, best and worst, performing areas of Sedgemoor and West Somerset respectively. Performance in the recovery period of 2009 to 2011 has been strongest in Mendip although GVA increased by a greater percentage than the national average in all districts except West Somerset. The cumulative effect of these stages is that economic output in the local authority areas of Mendip and South Somerset is currently higher than the 2007 peak but output in Sedgemoor, Taunton Deane and, particularly, West Somerset, has still to return to these levels.

Table 5-1: Percentage change in GVA by Somerset's local authority areas, Somerset and the UK, 2000 to 2011

Area	2000-2007	2007-2009	2009-2011	2007-2011
Mendip	16.3	-2.1	10.4	8.1
Sedgemoor	37.0	-8.9	5.9	-3.6
South Somerset	30.2	-4.8	5.4	0.4
Taunton Deane	22.8	-4.2	4.0	-0.4
West Somerset	5.4	-8.1	2.0	-6.2
Somerset	24.2	-5.1	5.8	0.4
England	23.7	-4.8	3.2	-1.8

Source: Heart of the South West LEP Economic Model, Oxford Economics

5.3.3. Trends by industry sector

Table 5-2 shows that the marketed services sector was the major contributor to the 2000 to 2007 expansion in Somerset with output in 2007 almost £1 billion more than in 2000 (in real terms). The 2007 to 2009 downturn affected all sectors except public services with output falling most in percentage terms in other production and marketed services. All sectors recorded growth during the 2009 to 2011 recovery, with manufacturing and, particularly, other production recording particularly strong growth. Public services growth was marginal over this period. Overall, all sectors except marketed services generated more output in 2011 than in 2007 with growth strongest in the manufacturing sector.

Table 5-2: Change in GVA by broad sector in Somerset, 2000 to 2011

Area	Change, 000s				Change, %			
	2000-2007	2007-2009	2009-2011	2007-2011	**2000-2007**	**2007-2009**	**2009-2011**	**2007-2011**
Manufacturing	250.6	-33.6	116.8	83.2	**21.4**	**-2.4**	**8.4**	**5.8**
Other production	88.2	-154.6	170.8	16.2	**6.6**	**-10.8**	**13.4**	**1.1**
Marketed services	971.6	-339.5	198.9	-140.6	**30.6**	**-8.2**	**5.2**	**-3.4**
Public services	409.7	75.4	1.6	77.0	**28.9**	**4.1**	**0.1**	**4.2**
Total, 000s (=100%)	1,720.2	-452.3	488.1	35.8	**24.2**	**-5.1**	**5.8**	**0.4**

Source: Heart of the South West LEP Economic Model, Oxford Economics

Table 1 in Annex 2 contains historical GVA figures and associated growth rates for the periods under study. In summary, features of the expansion were such that:

- *Retail trade*, *wholesale trade*, *administrative and support services* and *professional services* generated much of the increased in ***marketed services*** output during the 2000 to 2007 expansion. These were also the fastest growing sectors in percentage terms[20]. *Accommodation* and *other services* were the marketed services sectors to contract during the expansion period.
- All sub-sectors of ***manufacturing*** increased in output terms between 2000 and 2007, although the increase in *advanced engineering (excluding aerospace)* was relatively small in absolute and percentage terms.
- There were mixed fortunes within the ***other production sector*** with *construction*, *water supply* and *agriculture, forestry and fishing* growing but *mining and quarrying* and *electricity, gas, air and steam* contracting.
- Most of the growth within ***public services*** was generated by the *human health and social work sector* with smaller but significant contributions from *administration of the state and education*. The value of *provision of services to the community* as a whole fell over the period.

The value of output in most sectors declined between 2007 and 2009. The largest contractions in absolute terms were in *construction*, *real estate activities*, *wholesale trade*, *electricity and gas* and *professional services*. The largest percentage contractions were in *accommodation* and *electricity and gas*. Some sections within broad sectors continued to expand during the recession. These were:

- *food and drink manufacturing* and *other manufacturing* within the broad ***manufacturing*** sector;
- within the ***other production sector***, agriculture, forestry and fishing and water supply, sewage and waste;

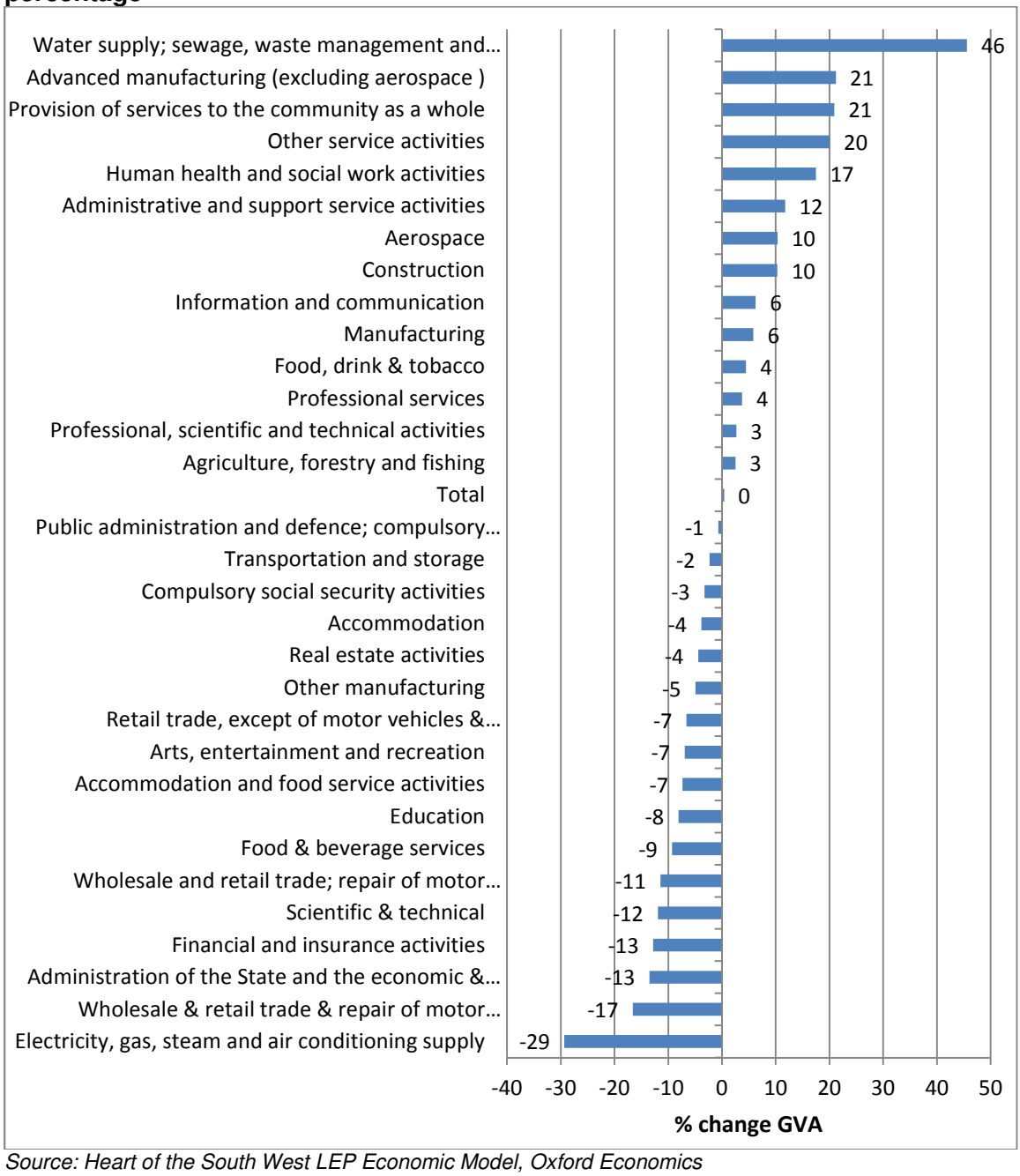
[20] Administrative and support services was the fastest growing sector in Somerset between 2000 and 2007 with GVA increasing by 92% over the period.

- *food and beverage services*, *transportation and storage*, *financial and insurance services* and *other services* within ***marketed services***; and
- *provision of services to the community as a whole* and *human health and social work* within ***public services***.

Economic output during the recovery was more broadly balanced across sectors than the expansion period, with the most notable difference being the continued contraction of the *wholesale and retail services sector* which was a significant source of growth during the expansion. Rather, growth is being sourced primarily from construction, advanced manufacturing including aerospace, human health and social work, professional services, administrative and support services and real estate. The fastest growing sectors in percentage terms over this period were advanced manufacturing (excluding aerospace) and accommodation.

Comparing the value of output in 2011 to that recorded in 2007 by sector shows that not all sectors have returned to their previous levels:

Figure 5-2: Change in GVA by industry sector in Somerset between 2007 and 2011, percentage



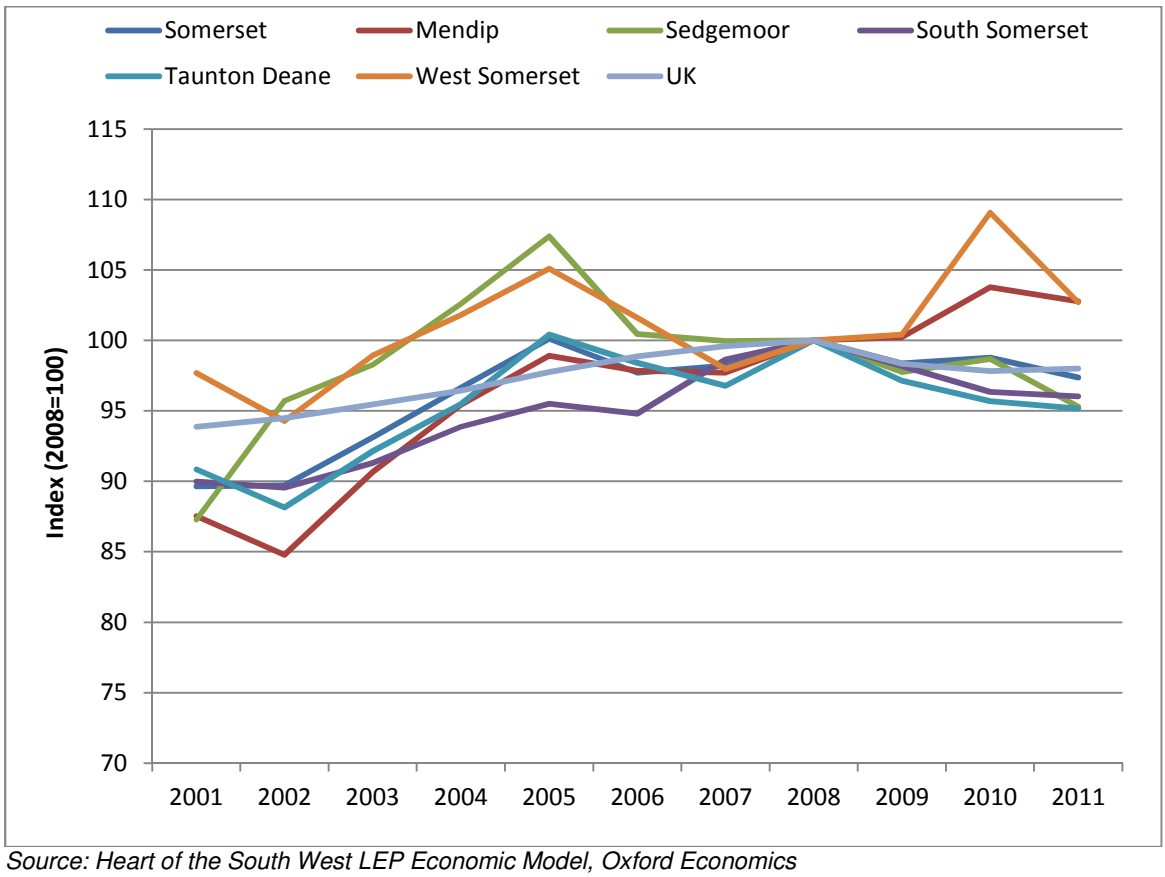
Source: Heart of the South West LEP Economic Model, Oxford Economics

5.4. Trends by employment

5.4.1. Overall

Changes in the number of jobs in Somerset, its local authority district areas and the UK are presented in Figure 5-3. Employment levels in Somerset have not shown the clear upward - and then downward – trend evident in the UK statistics although employment did peak – as it did nationally - in 2008. The Somerset estimates 'bump along' a little from 2005 reflecting partly the volatility of survey estimates and partly the relatively static level of employment locally over the period. The subsequent commentary will analyse the periods 2001 to 2008 and 2008 to 2011 to examine differences in employment pre- and post-2008.

Figure 5-3: Indexed change in number of jobs in Somerset's local authority districts, Somerset and the UK, 2001 to 2011 (2008=100)



Source: Heart of the South West LEP Economic Model, Oxford Economics

5.4.2. Trends by local authority district

Table 5-3 shows that there were an estimated 259,600 jobs in the Somerset economy in 2011. The number of jobs in Somerset increased by almost 12% between 2001 and 2008 with all districts except West Somerset posting employment growth rates that exceeded the national average over this period. More recently, however, the number of jobs in the County has fallen in line with national trends, although Mendip and West Somerset recorded growth between 2008 and 2011.

Taking the 10 year period as a whole, the number of jobs in all Somerset's districts increased by a greater percentage than the UK as a whole with particularly strong growth in Mendip and, to a lesser extent, Sedgemoor and South Somerset.

Table 5-3: Percentage change in the number of jobs by Somerset's local authority areas, Somerset and the UK, 2000 to 2011

Area	Number of jobs			% change		
	2001	2008	2011	2001-8	2008-11	2001-11
Mendip	45,300	51,800	53,200	14.2	2.8	17.4
Sedgemoor	43,500	49,800	47,400	14.6	-4.7	9.2
South Somerset	76,600	85,100	81,700	11.1	-4.0	6.7
Taunton Deane	59,000	64,900	61,800	10.1	-4.8	4.8
West Somerset	14,700	15,000	15,400	2.4	2.7	5.1
Somerset	239,000	266,600	259,600	11.5	-2.6	8.6
England	30.028m	31.990m	31.352m	6.5	-2.0	4.4

Source: Heart of the South West LEP Economic Model, Oxford Economics

5.4.3. Trends by industry sector

Marketed services were an important source of employment growth during the expansion (in this section, measured between 2001 and 2008) although the job count also increased within public services and other production (the latter at a particularly high rate). Employment in manufacturing, however, declined.

Service sector employment contracted between 2008 and 2011 and production growth was either zero (as in manufacturing) or modest (as in other production). Overall, however, growth was fairly evenly spread between other production, marketed services and public services between 2001 and 2011 in terms of the number of jobs, although percentage change in jobs was greatest in other production.

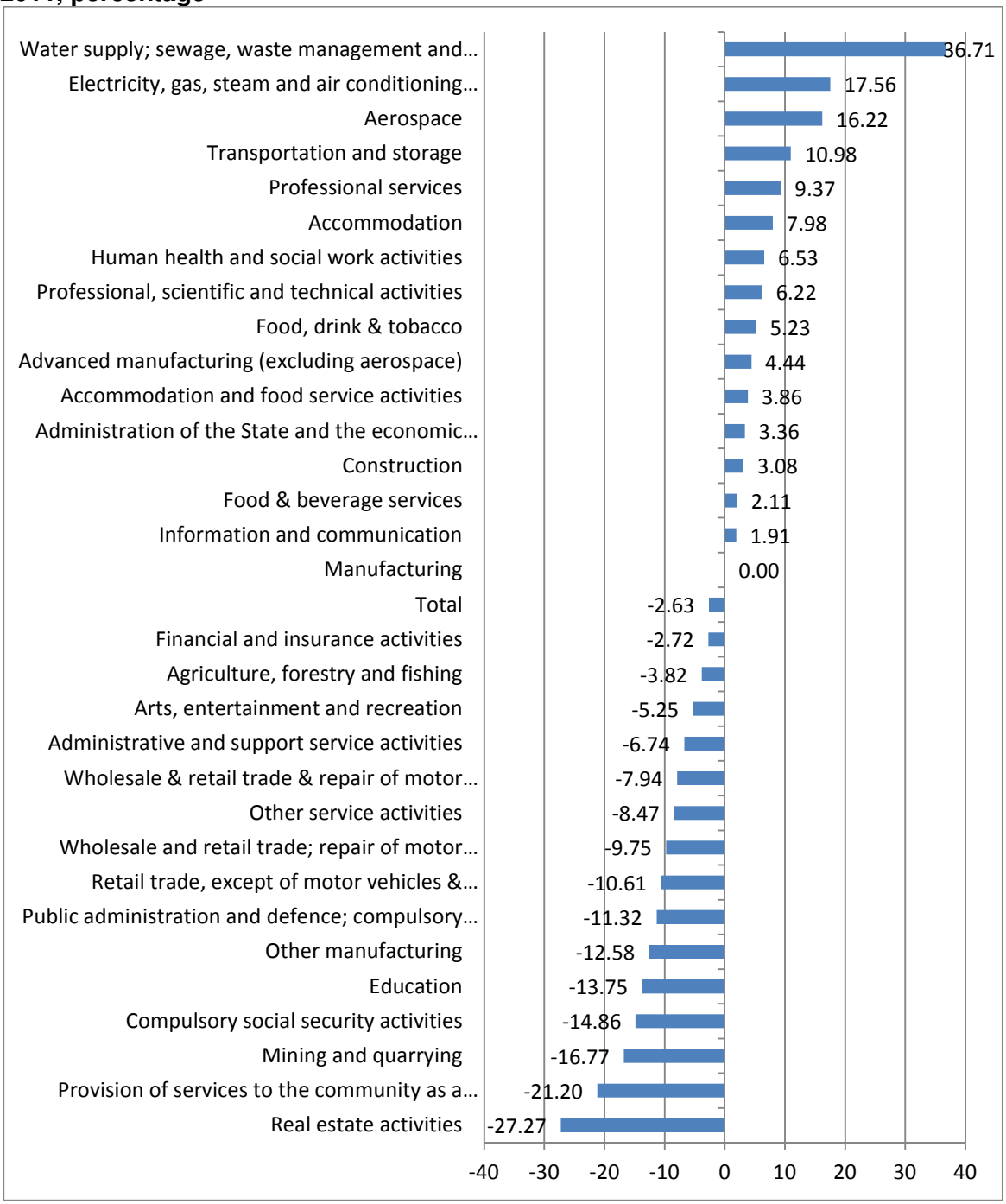
Table 5-4: Percentage change in employment by broad industrial sector; 2001 to 2011

Area	Change, number of jobs			Change, %		
	2001-8	2008-11	2001-11	2001-8	2008-11	2001-11
Manufacturing	- 6,800	0	- 6,800	-17.6	0.0	-17.6
Other production	8,300	700	9,000	34.0	2.3	37.1
Marketed services	15,600	- 5,400	10,300	13.3	-4.0	8.7
Public services	10,500	- 2,400	8,100	17.8	-3.4	13.8
Total, 000s (=100%)	27,600	- 7,000	20,600	11.5	-2.6	8.6

Source: Heart of the South West LEP Economic Model, Oxford Economics

Analysis of detailed sectors shows that several sectors had lower levels of employment in 2011 than in 2008 (when employment lack peaked in Somerset). Employment levels fell by the greatest percentage in real estate activities (-27%), provision of services to the community (-21%) and mining and quarrying (-17%). By contrast, jobs growth was strongest in water supply (37%), electricity, gas, steam and air conditioning (16%) and aerospace (16%).

Figure 5-4: Change in employment by industry sector in Somerset between 2008 and 2011, percentage



Source: Heart of the South West LEP Economic Model, Oxford Economics

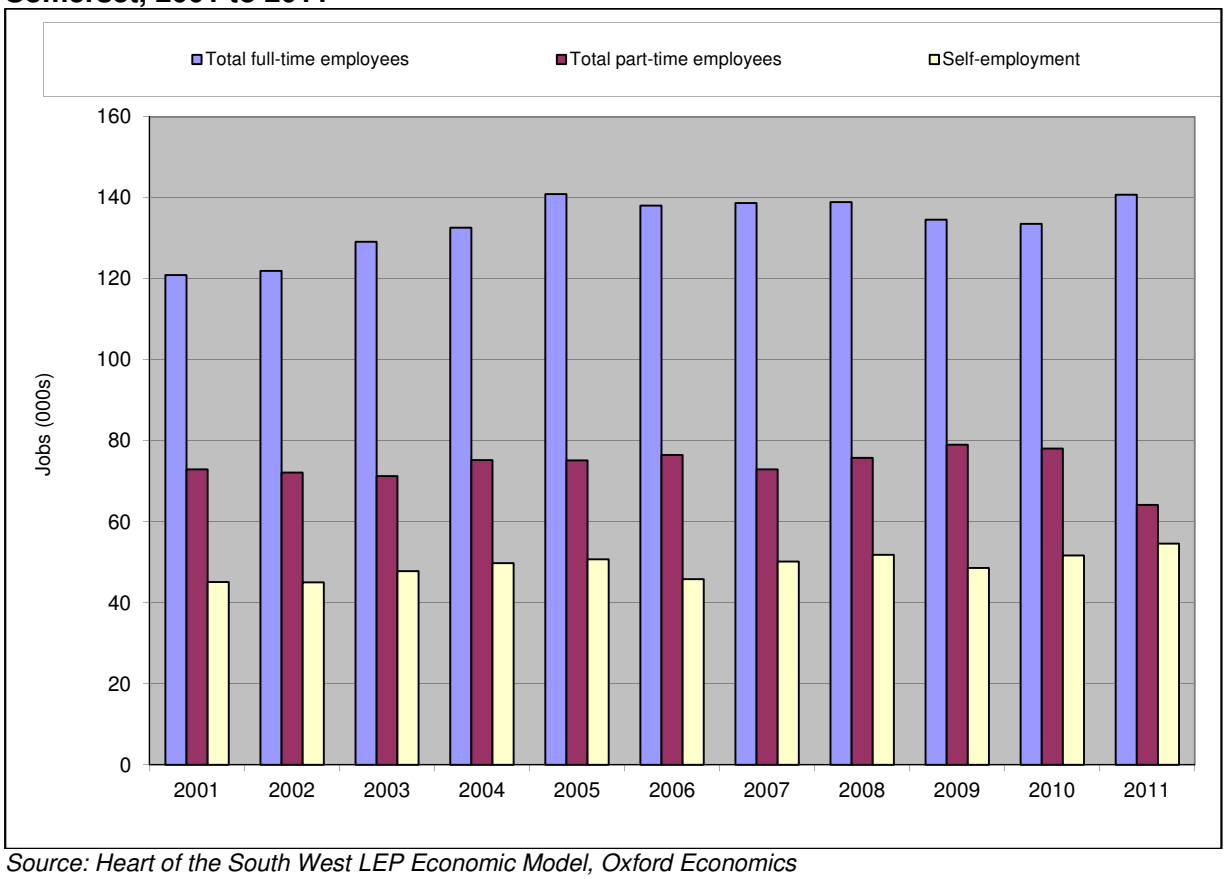
5.4.4. Trends by public-private employment

According to the Business Register and Employment Survey, 81% of employment in Somerset in 2011 was in the private sector. While this figure is both marginally higher than the previous year (80.7%) and the England average for 2011 (80.3%) the differences are unlikely to be statistically significant. Private sector employment increased by 0.7% in Somerset between 2010 and 2011 compared with 1.6% across England. Unfortunately, longer-term comparisons are not possible to due to methodological changes to how the data is categorised.

5.4.5. Full and part-time employment, and self-employment

Figure 5-5 and Table 5-5 reveal patterns of employment change by job type between 2001 and 2011. The number of full-time employee jobs grew strongly between 2001 and 2005, contracted between 2005 and 2010 before returning to broadly 2005 levels in 2011. Part-time employees and self-employment do not show clear trends although part-time employment has fallen consistently since 2009 while self-employment has increased.

Figure 5-5: Employment by full and part-time employees and self-employment in Somerset, 2001 to 2011



Source: Heart of the South West LEP Economic Model, Oxford Economics

Examining these changes over the same expansion (2001-08) and contraction (2008-11) periods used earlier in the section reveals that jobs growth between 2001 and 2008 was mainly in full-time employment (Table 5-5) although self-employment matched this growth in percentage terms (15%). The increase in full-time employment over this period in Somerset far exceeded the rate of growth across the UK as a whole (4%)[21]. By contrast with full-time and self-employment, part-time employee jobs in Somerset increased modestly, by 4%.

The fall in the number of Somerset-based jobs recorded between 2008 and 2011 was exclusively in part-time employees[22]. Full-time employee jobs in Somerset increased marginally over the period. This is against a backdrop of a 2% decline nationally. Self-employment increased by 5% in Somerset, a similar increase to that reported across the UK (6%).

[21] Part-time employment in the UK increased by 9% between 2001 and 2008 and self-employment increased by 15%.
[22] Part-time employment in the UK decreased by 7% between 2008 and 2011.

Table 5-5: Percentage change in employment by broad industrial sector; 2001 to 2011

Area	Change, number of jobs			Change, %		
	2001-8	2008-11	2001-11	2001-8	2008-11	2001-11
Full-time employees	18,100	1,800	19,900	14.9	1.3	16.4
Part-time employees	2,800	-11,600	-8,800	3.9	-15.3	-12.0
Self-employment	6,700	2,800	9,500	14.8	5.4	21.0
Total, 000s (=100%)	27,600	- 7,000	20,600	11.5	-2.6	8.6

Source: Heart of the South West LEP Economic Model, Oxford Economics

6. PROJECTIONS FOR OUTPUT AND JOBS

Key Findings

- The Somerset economy is projected to grow to around £11.25 billion (at 2009 prices) over the next decade (between 2011 and 2021). This represents growth of around £2.38 billion, or 26.9%, slightly below the UK average of 27.6% over the same period. Growth will peak in 2017 at 3.0%, before dipping slightly in the following years. Over the whole period from 2011 to 2021, GVA growth locally will average 2.4% per annum, compared with 2.5% nationally.

- Mendip and South Somerset are forecast to be the strongest performing local authorities over the period, with growth rates in excess of the national average; economic output in West Somerset is expected to lag behind the rest of the County.

- The marketed services sector is expected to remain the major contributor to future economic growth, with a forecast increase of around £1.66 billion in GVA between 2011 and 2021 (an average annual increase of 3.5%). Administrative and support service activities, professional services, scientific & technical and Information and communication will be the fastest growing sub-sectors within this sector and confirm the expected continuation of the long-term trend towards a knowledge-intensive economy. Marketed services are forecast to be the only significant source of employment growth for Somerset from 2011 to 2021, with a projected increase of 25,300 jobs in that time, a growth rate of 1.8% per annum. Higher skills will be essential to this sector.

- The impact of ongoing cutbacks in government spending will result in public services showing the lowest level of growth over this period, at just 1.0% a year, with employment set to fall during the first half of the forecast as spending cuts continue (by 2,500 jobs, 0.7% per annum), before recovering slightly from 2016. Most of the forecast growth within public services will be generated by the human health and social work sector (1.8% per annum), with lower growth in administration of the state, provision of services to the community, and compulsory social security activities. GVA levels in education are expected to fall slightly before recovering to 2011 levels by 2021.

- Manufacturing is forecast to experience an increase in output from 2011 to 2021, ranging from 2.1-2.2 % per annum . Employment is expected to fall by 1,400 jobs with levels remaining steady until 2016, followed by a period of decline from 2016 to 2021.

- The EDF Energy Environmental Statement Doc Ref. 4.3 predicted that there would be 900 direct FTE jobs per annum from the ongoing activities once the plant becomes operational from Quarter 1 2019 onwards, 700 of which would be permanent staff, and 200 would be contract staff. For the purposes of the modelling, it was assumed that the 900 jobs would be phased in per annum over one year for 2019/2020[23].

- The model forecasts that Hinkley Point C would cause a notable rise in total employment in Somerset County over and above the 900 direct ongoing jobs per annum. The nuclear sector has large economic and employment multipliers meaning that a swathe of indirect and induced jobs would be created. The baseline level of employment in Somerset County as a whole is expected in 2019 to be close to 279,000 jobs. By 2020, the level of total employment in the County is forecast to be 1,300 net jobs higher under the Hinkley Point C scenario than under the baseline; by 2030, the differential could rise to 2,900 net jobs. This would have important knock-on effects for unemployment and activity rates. The

[23] It is important to note that the model and its underlying scenarios is complex and contains a range of assumptions and caveats (refer to main document for explanation).

unemployment rate is estimated to fall by 0.2 percentage points within the year itself and maintain a differential of around 0.4 percentage points over the longer term.

- The level of GVA in Somerset County in 2019 under this baseline is approximately £10.65bn (in 2009 prices, consistent with ONS National Accounts Blue Book). The ongoing operation at Hinkley could see this rise by over £150 million within the first year. Perhaps the best indication of the benefits is an annual GVA growth under the scenario of 1.5 percentage points above the baseline in 2019/2020 (4.3% compared with 2.8%).

6.1. Introduction

This section presents the key findings from the projections for the Somerset economy derived from the Heart of the South West LEP Scenario Model, produced by Oxford Economics. The bulk of the analysis presented here is based on the baseline scenario outputs of the model, looking forward, covering the period from 2011 to 2021.

The model allows the testing of alternate scenarios through a detailed input/output and labour market framework (an input-output table shows who buys what from whom in the local economy). The forecasts within the model are based on three sets of underlying assumptions:

- national/regional outlooks (based on econometric equations) which are fully consistent with broader global and national forecasts. Forecasts for each sector in each local authority will be consistent with, and affected by, what is expected for that sector at regional level;
- historical trends in an area, complemented where appropriate by local knowledge and understanding of patterns of economic development; and
- fundamental economic relationships which interlink the various elements of the outlook.

The recent planning permission approval for Hinkley Point C will clearly bring additional economic benefits to Somerset that the baseline scenario has not taken into account, and this section also shows the likely impact of the development through a growth scenario in the Oxford Economics model, based on the likely scale of additional economic activity to be generated at Hinkley Point over the coming years.

It should also be borne in mind, when considering these projections, that the macro economic forecast they are based on is likely to be a more optimistic one than the Treasury's current forecast for economic growth, which was significantly downgraded in the recent Budget.

6.2. Projections in GVA

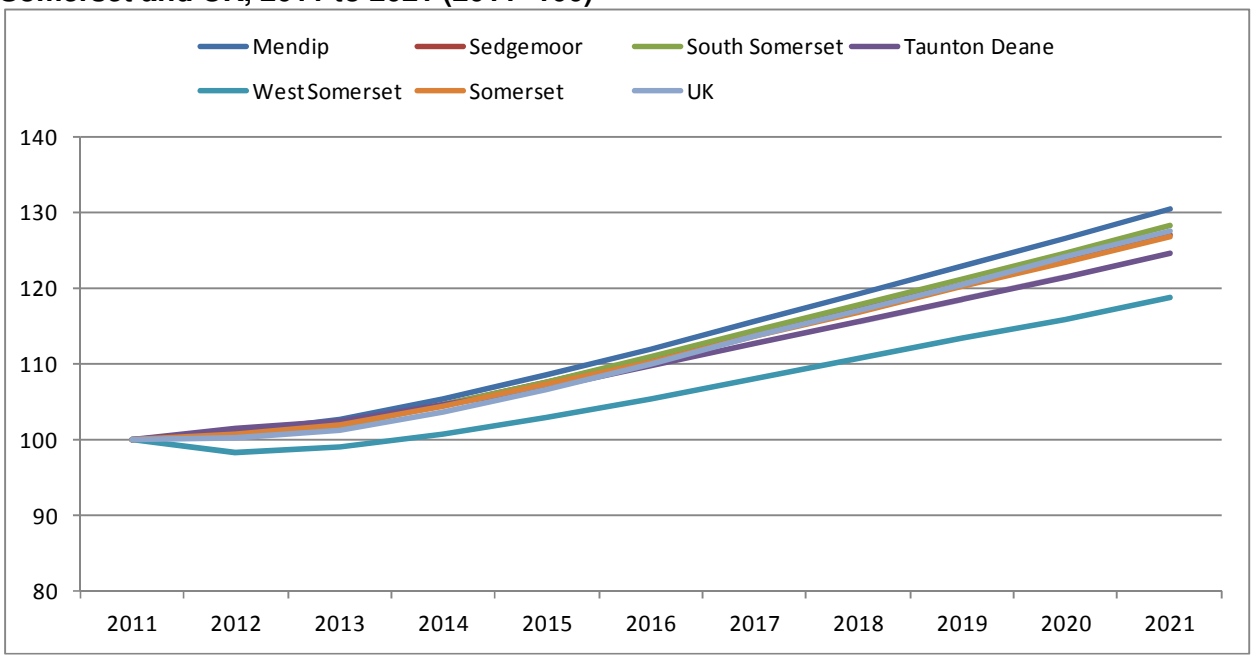
6.2.1. Overall

Between 2011 and 2021, the Somerset economy is projected to grow to around £11.25 billion (at 2009 prices). This represents growth of around 2.38 billion, or 26.9%, slightly below the UK average of 27.6% over the same period. The projected trend in Somerset over the period from 2011 to 2021 can be summarised as follows: (

Figure 6-1):

- Much lower growth in GVA in 2012 compared with 2011 (0.6% compared with 2.9%)
- Growth in GVA will then pick up over the next two years, to 1.3% in 2013 and 2.5% in 2014.
- Growth in GVA is projected to peak, in 2017, at 3.0%, before dipping slightly in the following years, although a growth rate of 2.7% - 2.9% is forecast to be maintained.
- GVA growth in Somerset is forecast to be slightly lower than the UK average. Over the whole period from 2011 to 2021, GVA growth locally will average 2.4% per annum, compared with 2.5% nationally.

Figure 6-1: Projected Indexed GVA growth in Somerset's local authority districts, Somerset and UK, 2011 to 2021 (2011=100)



Source: Heart of the South West LEP Scenario Model, Oxford Economics

6.2.2. Trends by local authority district

Table 6-1 shows that Mendip and South Somerset are forecast to be the strongest performing local authorities between 2011-2021, with growth rates in excess of the national average. By contrast, economic output in West Somerset is expected to lag behind the rest of the County, being the only area with a projected fall in GVA in 2011 and 2012, leading to a more modest recovery in subsequent years.

Output is forecast to increase by just over 30% in Mendip over the entire period, and by 28% in South Somerset. Growth in Sedgemoor is forecast to be only marginally below the national average, at 27%, with Taunton Deane forecast to increase by 24.5%. By contrast, forecast growth in West Somerset will be much lower, at just 18.7%.

Table 6-1: Projected Percentage change in GVA by Somerset's local authority areas, Somerset and the UK, 2011 to 2021

Area	2011-2016	2016-2021	2011-2021
Mendip	2.3	3.1	2.7
Sedgemoor	2.0	2.8	2.4
South Somerset	2.1	3.0	2.5
Taunton Deane	1.9	2.6	2.2
West Somerset	1.0	2.4	1.7
Somerset	**2.0**	**2.8**	**2.4**
UK	1.9	3.0	2.5

Source: Heart of the South West LEP Scenario Model, Oxford Economics

6.2.3. Trends by industry sector

Table 6-2 shows that the marketed services sector is expected to remain the major contributor to future economic growth, with a forecast increase of around £1.66 billion in GVA between 2011 and 2021, an average annual increase of 3.5%. The impact of ongoing cutbacks in government spending will result in public services showing the lowest level of growth over this period, at just 1.0% a year. Other production shows a similar rate of growth over the next decade (1.1%), but is expected to recover strongly from 2016 to 2021, following a slight fall in GVA from 2011 to 2016. Growth in manufacturing is likely to be just below the average for all sectors, with growth rising from an average of 1.8% per annum between 2011 and 2016 to 2.4% per annum from 2016 to 2021.

Table 6-2: Projected change in GVA by broad sector in Somerset, 2011 to 2021

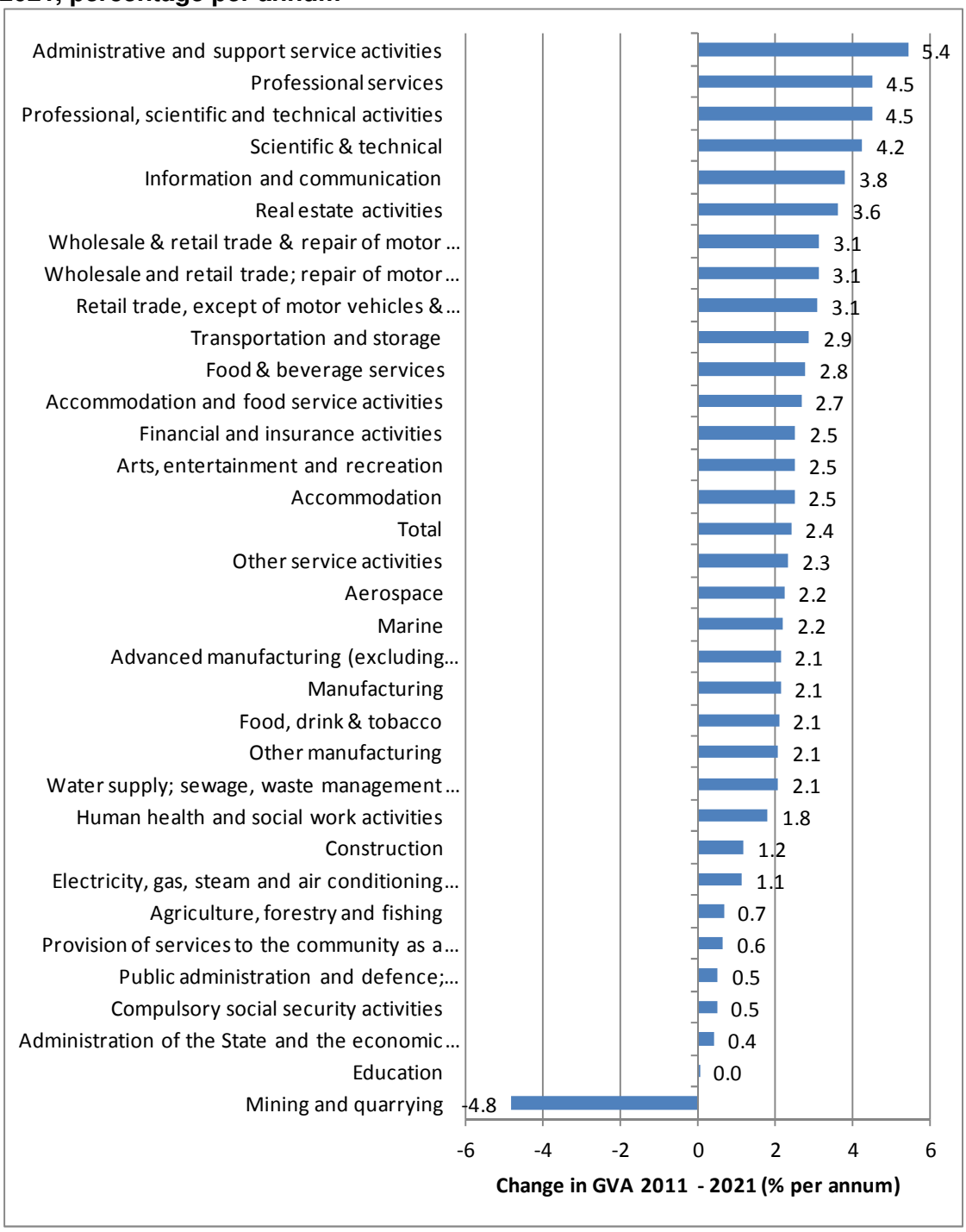
Sector	Change, 000s			Change, % per annum		
	2011-2016	2016-2021	2011-2021	**2011-2016**	**2016-2021**	**2016-2021**
Manufacturing	141.0	211.7	352.7	1.8	2.4	2.1
Other production	-7.1	177.6	170.5	-0.1	2.4	1.1
Marketed services	694.2	966.9	1,661.1	3.2	3.8	3.5
Public services	86.8	110.7	197.5	0.9	1.1	1.0
Total, 000s (=100%)	**914.9**	**1,466.9**	**2,381.8**	**2.0**	**2.8**	**2.4**

Source: Heart of the South West LEP Scenario Model, Oxford Economics

Table 1 in Annexe 2 contains projected GVA figures and associated growth rates for detailed industry sectors covering the period from 2011 to 2021. In summary, key features of the projections are as follows:

- *Administrative and support service activities, professional services, scientific & technical* and *Information and communication* are forecast to be the fastest growing sub-sectors over the next decade within ***marketed services***, and will also be the fastest growing across the Somerset economy as a whole. The predicted growth in these sectors confirms the expected continuation of the long-term trend towards a knowledge intensive economy, where higher-skilled employment will play an increasingly prominent role. *Retail trade* and *wholesale trade* are also expected to grow strongly, along with *accommodation* and *food and beverage services*.
- All sub-sectors of ***manufacturing*** are forecast to experience an increase in output from 2011 to 2021and, to a very similar extent, ranging from 2.1-2.2 % per annum. This lower growth rate compared with all sectors will see the sector's contribution to overall economic output fall slightly, from 17.0% to 16.5%, confirming the sector's ongoing vital role in the local economy.
- There are mixed forecasts within the ***other production sector*** with *mining and quarrying* expected to contract over the entire forecast period. *Construction* output is expected to fall in the first half of the forecast period, while the forecast is flat for *agriculture, forestry and fishing,* before both sectors begin to grow again from 2016 to 2021.
- Most of the forecast growth within ***public services*** will be generated by the *human health and social work sector* (1.8% per annum), with lower growth in *administration of the state, provision of services to the community,* and *compulsory social security activities*. GVA levels in *education* are expected to fall slightly before recovering to 2011 levels by 2021.

Figure 6-2: Projected change in GVA by industry sector in Somerset between 2011 and 2021, percentage per annum



Source: Heart of the South West LEP Scenario Model, Oxford Economics

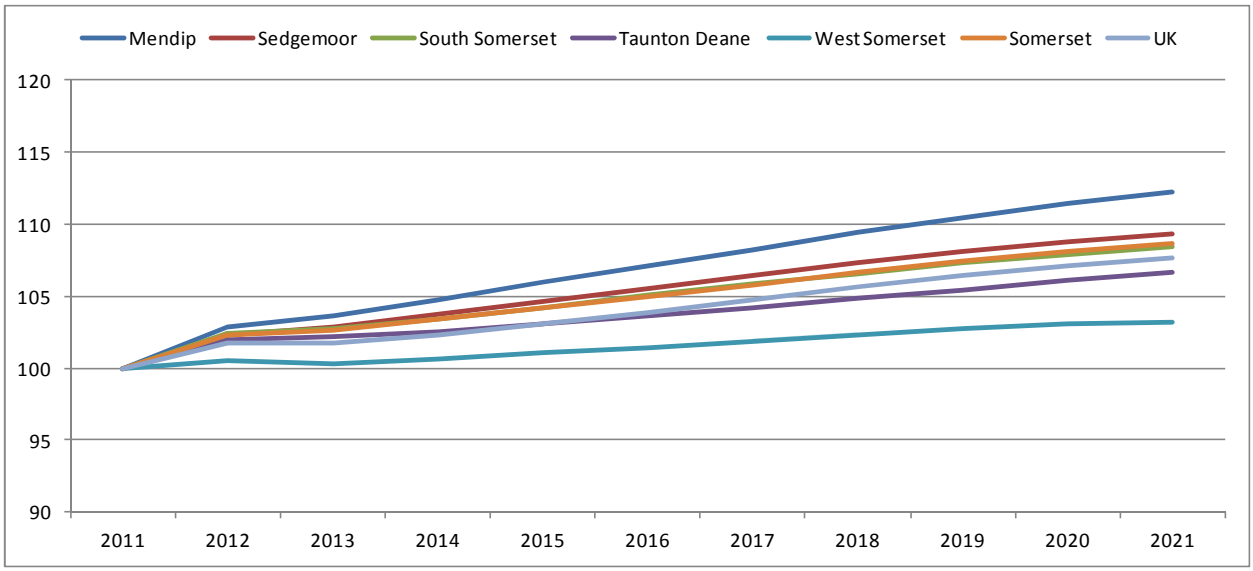
6.3. Trends by employment

6.3.1. Overall

Forecast changes in the number of jobs over the next decade in Somerset, its local authority district areas and the UK are presented in Figure 6-3. Employment levels in Somerset are expected to grow by around 22,400 jobs in total between 2011 and 2021, to a total of 282,000 by 2021. This represents growth of around 8.6% in this time (or 0.8% per annum), slightly

higher than the UK average growth of 7.7%. In summary, the trend is for fairly strong growth for 2012 of 2.4% (an increase of around 5,900 jobs), following falling employment in 2011. The rate of growth then slows to 0.4% in 2013 (around 900 additional jobs), and then shows a steady growth rate of 0.7-0.8% annually (around 2,000 jobs per year) until 2021.

Figure 6-3: Projected indexed change in number of jobs in Somerset's local authority districts, Somerset and the UK, 2011 to 2021 (2011=100)



Source: Heart of the South West LEP Scenario Model, Oxford Economics

6.3.2. Trends by local authority district

Table 6-3 shows that, of the estimated 22,400 additional jobs forecast for the Somerset economy by 2021, the biggest 'winners' will be South Somerset, with around 6,900 extra jobs, and Mendip, with around 6,500. By contrast, West Somerset will see very little growth, with just 500 additional jobs over the 10 years of the forecast, a growth rate of just 0.3% per annum. In terms of rates of growth, Mendip has the highest forecast at 1.2% per annum, with Sedgemoor (0.9%) and South Somerset (0.8%) also forecast to outperform the national average in terms of job creation during this time.

Table 6-3: Projected percentage change in GVA by Somerset's local authority areas, Somerset and the UK; 2011 to 2021

Area	Number of jobs			% change per annum		
	2011	2016	2021	2011-16	2016-21	2011-21
Mendip	53,200	57,000	59,700	1.4	0.9	1.2
Sedgemoor	47,400	50,100	51,900	1.1	0.7	0.9
South Somerset	81,700	85,800	88,600	1.0	0.6	0.8
Taunton Deane	61,800	64,000	65,900	0.7	0.6	0.6
West Somerset	15,400	15,700	15,900	0.3	0.3	0.3
Somerset	**259,600**	**272,500**	**282,000**	**1.0**	**0.7**	**0.8**
UK	31.35m	32.57m	33.75m	0.8	0.7	0.7

Source: Heart of the South West LEP Scenario Model, Oxford Economics

6.3.3. Trends by industry sector

Table 6-4 shows that marketed services are forecast to be the only significant source of employment growth for Somerset from 2011 to 2021, with a projected increase of 25,300 jobs in that time, a growth rate of 1.8% per annum. Jobs growth is predicted to be stronger in the first half of the forecast period (2.3% per annum), falling to 1.4% in the second half.

Other production is set to increase by a modest 800 jobs, 0.2% per annum, while employment in manufacturing and public services is expected to fall, by 1,400 and 2,300 jobs respectively. Manufacturing employment levels are set to remain steady until 2016, followed by a period of decline from 2016 to 2021. By contrast, public services employment is set to fall during the first half of the forecast period as spending cuts continue (by 2,500 jobs, 0.7% per annum), before recovering slightly from 2016.

Table 6-4: Percentage change in employment in Somerset by broad industrial sector; 2011 to 2021

Area	Change, number of jobs			% change per annum		
	2011-16	2016-21	2011-21	2011-16	2016-21	2011-21
Manufacturing	100	-1,500	-1,400	0.1	-0.9	-0.4
Other production	300	500	800	0.2	0.3	0.2
Marketed services	15,000	10,200	25,300	2.3	1.4	1.8
Public services	-2,500	200	-2,300	-0.7	0.1	-0.3
Total (=100%)	13,000	9,500	22,400	1.0	0.7	0.8

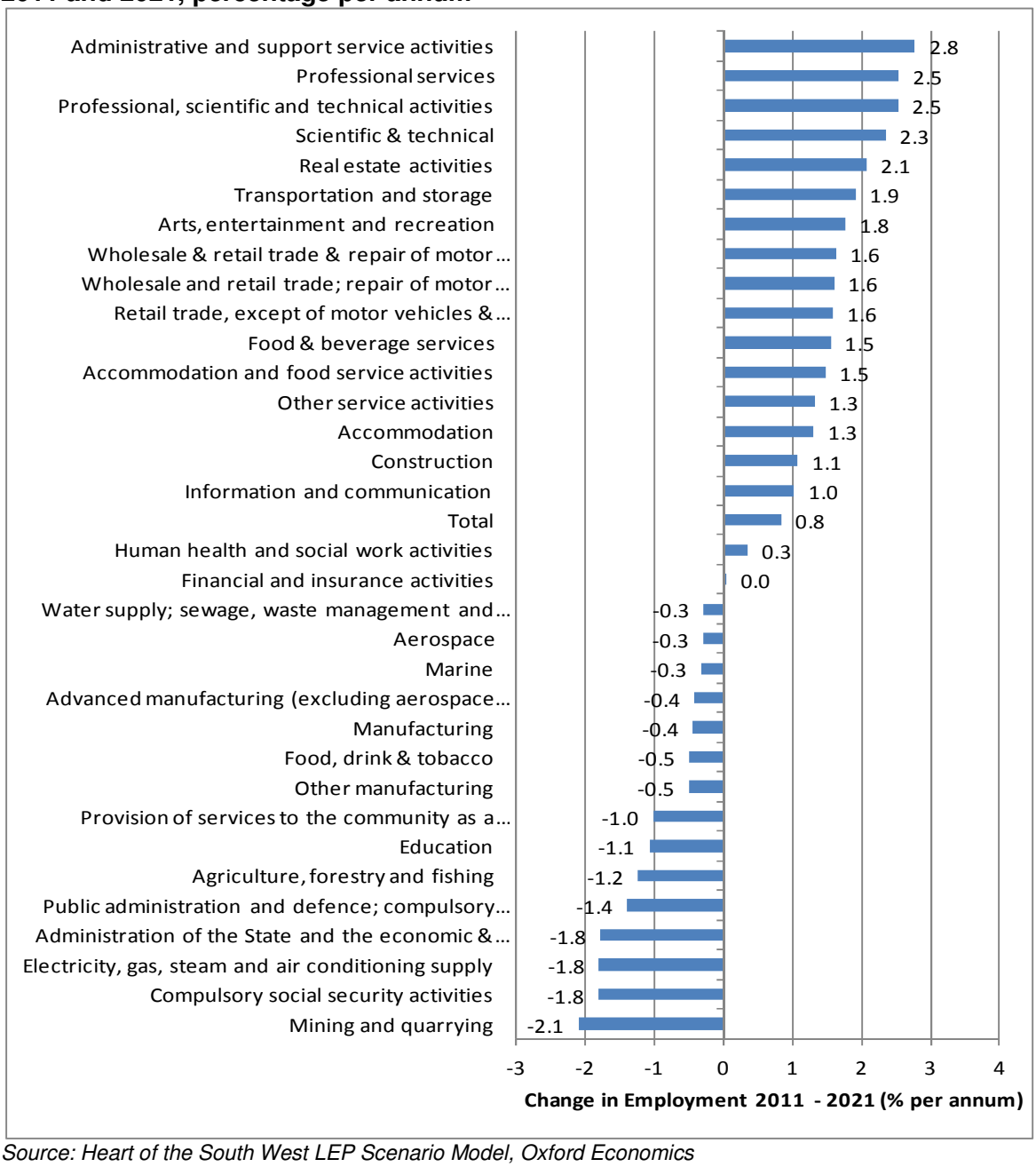
Source: Heart of the South West LEP Scenario Model, Oxford Economics

Analysis of detailed sectors shows a similar trend to GVA, in that the sectors forecast to have the highest growth are *Administrative and support service activities, professional services* and *scientific & technical. Wholesale and retail trades,* along with *accommodation* and *food and beverage services* are also expected to show reasonable growth in this time.

A number of sectors are predicted to experience a net loss of jobs over the duration of the forecast period, including all areas of *manufacturing*, which are set to decline at a similar rate (0.3 - 0.5% per annum). Public sector employment is also set to decline significantly, with the exception of *health and social work*. Other sectors forecast to experience falls in employment are:

- Mining and quarrying -2.1% per annum, 100 jobs
- Electricity, gas, steam and air conditioning supply -1.8% per annum, 200 jobs
- Agriculture, forestry and fishing -1.2% per annum, 1,100 jobs
- Water supply; sewage, waste management etc -0.3% per annum, 50 jobs

Figure 6-4: Projected change in employment by industry sector in Somerset between 2011 and 2021, percentage per annum



Source: Heart of the South West LEP Scenario Model, Oxford Economics

A further perspective on the contribution of different sectors to future employment growth is provided by the Sectors Research analysis undertaken by SERIO with The Red Group and ECORYS on behalf of Somerset County Council (SERIO, 2013). This research identified building design construction (including architectural services); business support services and ICT (information services and computer programming and consultancy) as sectors having the potential to create significant employment growth in Somerset. These are not sectors anticipated to be the 'sole drivers of employment growth in Somerset, but do exhibit a range of factors that are correlated with high levels of growth, and have the potential to create significant number of new jobs in the future".

6.3.4. Full-time vs part-time employment

The projections suggest an ongoing, albeit gradual shift towards part-time employment in Somerset, a trend which is not mirrored at a national level. Between 2011 and 2021, the number of part-time employee jobs is forecast to increase by around 7,500 (12%), compared with a 9% increase in full-time employee jobs. For the UK as a whole, growth in full-time jobs (8% from 2011-2021) will slightly outperform growth in part-time jobs (7%).

In terms of the balance between full and part-time employment, the shift is a modest one in Somerset, with 32% of all employee jobs being part-time by 2021, up from 31% in 2011. By comparison, 30% of jobs across the UK will be part-time by 2021, with little change from 2011 levels.

6.4. Impact of Hinkley Point C

6.4.1 Background, methodology and caveat

Oxford Economics was commissioned by Somerset County Council to undertake a very quick modelling exercise on the economic impact of the recently-approved new nuclear power plant at Hinkley Point C in the Somerset County.

To do so, Oxford Economics used the Heart of the South West LEP Economic Model, updated in late February/early March 2013. This model allows users to run jobs-based scenarios to estimate the effects on a wide range of output, income, spending and employment variables across the Heart of the South West LEP, its constituent local/unitary authorities (LAs/UAs) and Counties (including Somerset County, West Somerset LA and South Somerset LA), the South West region and the UK as a whole.

In order to run a scenario for Hinkley Point C, Oxford Economics was required to get a measure of the FTE jobs associated with the ongoing operation of the plant. All of the information specific to the project used was provided by Somerset County Council or through affiliated partners. The jobs figures input into the model were taken from a range of sources primarily the Environmental Statement Doc Ref. 4.3 prepared by EDF Energy in October 2011 and the Draft Workforce Profile Report prepared by the same organisation in February 2011[24].The scenario estimates are based on a mix of this information, published data, forecast estimates and assumptions which have been agreed with Somerset County Council.

6.4.2. Construction phase

Oxford Economics has made no attempt to model the effects of the construction phase of the project, given that there appears to be no conclusive jobs figure which can be fed into the model. While the EDF Energy Environmental Statement Doc Ref. 4.3 predicted a workforce of approximately 31,000- 32,000 within a construction period of Quarter 2 2011 to Quarter 2 2020, a report published in late March 2013 by Oxford Economics and Atkins for the Department of Business, Innovation & Skills (BIS) and the Department of Energy & Climate Change (DECC) found that “the UK could capture 44% of the total value of a nuclear reactor under current capabilities, rising to a potential 63% with supply chain improvements”[25]. This would bring the

[24] Further information provided in the weblink - http://www.edfenergy.com/about-us/energy-generation/new-nuclear/hinkley-point-c/whats-happening.shtml

[25] https://www.gov.uk/government/publications/economic-benefit-of-improving-the-uks-nuclear-supply-chain-capabilities

total number of jobs during the construction phase realisable by the UK economy down to a range closer to that published in a recent BBC news article of 20,000- 25,000 jobs[26].

In addition, these jobs could be sourced from or located anywhere in the UK and not necessarily onsite; the lack of adequate information on this is another reason that it is not possible to model the construction impacts accurately. Nonetheless, given the continued beleaguered state of the UK's construction sector, which has faced more net job losses between 2008- 2012 as a result of the recession than any other sector, and is expected to continue to suffer in the short term as a result of a lack of new work, any project which offers jobs on the scale of Hinkley should be welcomed. Indeed the estimate of 25,000 new jobs is more than 25% greater than the current level of employment[27] in the construction sector in Somerset County (19,900 jobs).

6.4.3. Ongoing operational phase

The aforementioned sources of information were fairly consistent in predicting that there would be 900 direct FTE jobs from the ongoing activities once the plant becomes operational from Quarter 1 2019 onwards. The EDF Energy Environmental Statement Doc Ref. 4.3 stated that 700 of these would be permanent staff, and 200 would be contract staff.

While there was some information in terms of the occupational mix (industrial, professional/managerial, clerical/admin), it was fairly limited, and as such, for the purposes of the modelling, Oxford Economics assumed that all 900 staff fell into the 'Electricity, gas, steam and air conditioning supply' sector of the economy[28]. While it was also suggested that there would be an additional 600 - 1,000 staff required every 15/18 months during the operation phase as a result of maintenance and refuelling, these were not included when calculating the model estimates below due to the level of uncertainty surrounding them and because, in reality, many of these jobs could be located offsite.

For the purposes of the modelling, it has been assumed that the 900 jobs would be phased in per annum over one year for 2019/2020, in the local authority in which Hinkley Point C is located (West Somerset), though the benefits presented below are at a Somerset County level. The modelling, therefore, uses estimates of sectoral wages, productivities etc. for the relevant time period. The operation of the plant is expected to last 60 years so benefits will be realised per annum across this entire time period. In reality, actual levels of benefit are likely to be greater each year as inflation, productivity, wages etc rise (i.e. 900 jobs in 2025/2026 are likely to mean more GVA than in 2019/2020). Finally, given the high productivity of nuclear-related work, it was assumed that each new job associated with the plant would be 20% more productive than the baseline level; this "nuclear premium" was taken from the aforementioned report completed by Oxford Economics and Atkins with the methodology behind it clearly laid out in the report.

Hinkley Point C would cause a notable rise in total employment in Somerset County over and above the 900 direct ongoing jobs per annum. The nuclear sector has large economic and employment multipliers meaning that a swathe of indirect and induced jobs will be created[29]. The baseline level of employment in Somerset County expected in 2019 is close to 279,000 jobs. By 2020, the level of total employment in the County is forecast to be 1,300 net jobs higher

[26] https://www.gov.uk/government/publications/economic-benefit-of-improving-the-uks-nuclear-supply-chain-capabilities

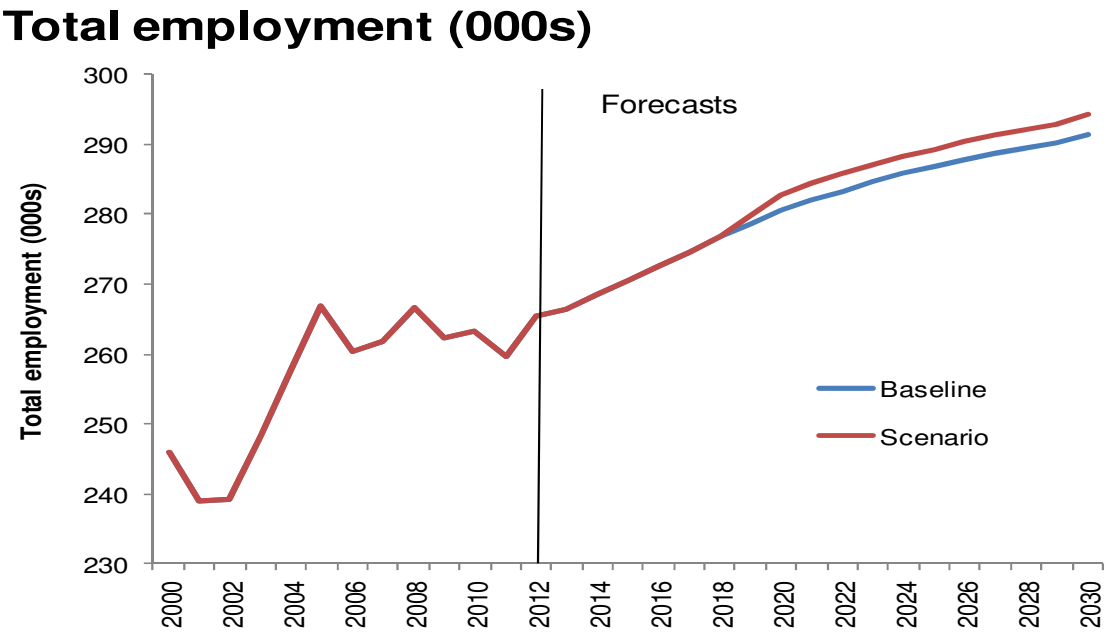
[27] Oxford Economics' projection of employment for 2013

[28] (SIC 2007 Section D, Code 35

[29] The indirect impact is defined as the economic activity and employment supported in project's supply chain, as a result of its purchasing of inputs of goods and services from suppliers. The induced impact is defined as economic activity and employment supported by those directly or indirectly employed spending their wage income on goods and services in the wider UK economy. This helps to support jobs in the industries that supply these purchases including in a range of service industries such as retail.

under the Hinkley Point C scenario than under the baseline; by 2030, the differential could rise to 2,900 net jobs see Figure 6-5 below.

Figure 6-5: Historic and projected total employment in Somerset for the baseline and Hinkley Point C Scenario, 2000 to 2030



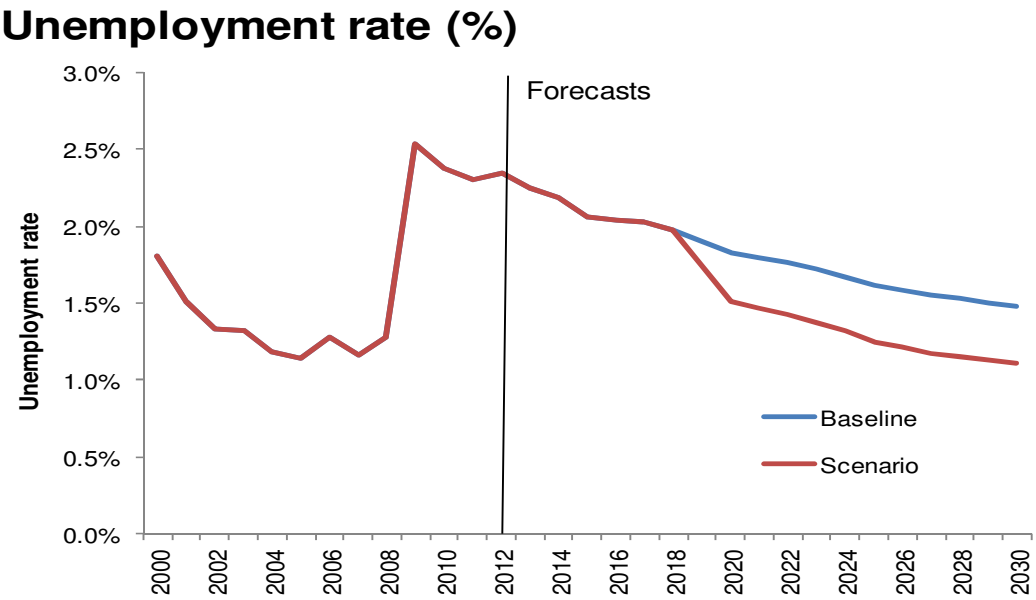
Sources: Heart of the South West LEP Economic Model, Oxford Economics

This would have important knock-on effects for unemployment and activity rates. The unemployment rate is estimated to fall by 0.2 percentage points within the year itself and maintain a differential of around 0.4 percentage points over the longer term (see

Figure 6-6 below[30]).

[30] Oxford Economics' Heart of the South West LEP Economic Model is a demand-side labour market model, and does not take into account supply-side factors such as the level of skills demand and supply. Therefore, in reality, given the specialised nature of the nuclear plant, some of the unemployed will lack the necessary skills to become employed in the plant,. Instead, Somerset County may experience an inflow of skilled migrant labour to take these jobs, and as such the fall in unemployment may not be as large as is estimated above, though it is safe to assume that the demand for housing, retail etc will rise in the County as the population level rises.

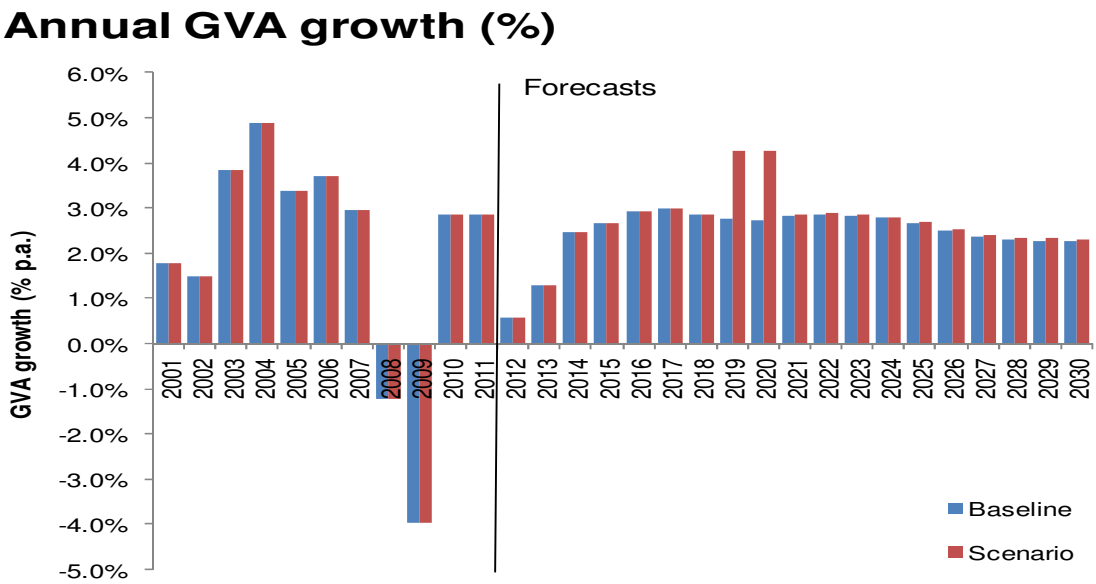
Figure 6-6: Historic and projected unemployment rates for Somerset, baseline and Hinkley Point C Scenarios compared, 2000 to 2030



Sources: Heart of the South West LEP Economic Model, Oxford Economics

These improvements are given weighting when placed in the context that the unemployment rate in the County is already approximately half of the UK average. The level of GVA in Somerset County in 2019 under our baseline is approximately £10.65 billion (in 2009 prices, consistent with ONS National Accounts Blue Book). The ongoing operation at Hinkley could see this rise by over £150 millionn within the first year. Perhaps the best indication of the benefits is evidenced in Figure 6-7, where annual GVA growth under the scenario is 1.5 percentage points above the baseline in 2019/2020 (4.3% compared with 2.8%).

Figure 6-7: Historic and projected annual GVA growth rates for Somerset, Baseline and Hinkley Point C Scenario compared, 2001 to 2030



Sources: Heart of the South West LEP Economic Model, Oxford Economics

7. DEMAND FOR SKILLS, EDUCATION AND TRAINING

Key Findings

Skills Demand

- The distribution of employment by occupation in Somerset mirrors that of the UK in most respects, with the exception of skilled trade occupations, which account for 15% of employment in Somerset compared with 10% in the UK. South Somerset has an even higher percentage of skilled trade occupations, reflecting the importance of manufacturing.

- Managers & senior officers, professional occupations and associate professional and technical occupations account for 40% of employment in Somerset, five points below the UK average. Sedgemoor and West Somerset have comparatively low shares of knowledge-based occupations.

- The long-term trend towards higher proportions of high-skilled occupations will increase.

Skills shortages

- 5% of Somerset employers had at least one HtFV in 2011. 37% of vacancies were hard to fill (a lower level than in England a whole). Machine operatives (29%), associate professionals (24%) and skilled trades occupations (23%), accounted for the majority of hard-to-fill vacancies (HtFV).

- 3% of employers in Somerset had a skills shortage vacancy (SSV) in 2011. More than one-fifth (21%) of vacancies (and 57% of HtFV) were SSVs. Most SSVs were either for associate professional occupations (40%) or skilled trades occupations (38%).

Skills Gaps

- Almost one-fifth (18%) of Somerset employers identified a skills gap within their workforce (the same percentage as the national average). Employers were most likely to identify a skills gaps for managerial occupations (5% of all respondent reported a skills gap within their managerial workforce) and skilled trades occupations (4% of employers). Skills gaps affect a relatively small percentage of the workforce – 4% of employees in Somerset – were estimated to be not fully proficient in 2011.

- Skills gaps were having a major impact on 11% of employers in Somerset who identified a gap and a minor impact on 46%. Most (60%) of skills gaps identified locally were in job-specific skills or technical or practical skills (34%) although many were also attributed to a range of key skills.

Job-related training

- One fifth (19%) of Somerset residents had received job-related training in the last 13 weeks during October 2011-September 2012.

7.1 Introduction

A skilled and well qualified workforce is a fundamental requirement for a competitive and prosperous economy. There is also a strong link between skills and employment. The skills of the workforce affect how well an economy can adapt to changing conditions, as skilled workers are better able to adapt to new technologies and identified new market opportunities.

The demand for skills is derived from the nature of the jobs available in the labour market. Therefore, it is necessary to understand the occupational structure of employment in order to anticipate the demand for skills.

At the same time, employers are experiencing difficulties with recruiting employers due to lack of skills and there is further evidence from employers that there are skills gaps in the workforce. Significant levels of skills shortages and gaps can act as a barrier to business growth.

A number of significant changes are planned to post-16 education and skills funding which will be in force by 2014/15. Overall, these changes represent a shift toward greater contributions from both employers and learners. Significant groups of learners will have to co-fund or fully fund the costs of their education and training, through loans. Employers and learners will therefore be expected to play an increasing part in paying for their learning. At the same time, changes are taking place to the structure of publicly-funded provision as parts of the infrastructure respond to a more marketised approach. Combined with public funding cuts, this may have a significant impact on both the demand for skills, education and training and its provision.

7.2 Demand for occupations

The distribution of employment by occupation in Somerset mirrors that of the UK in most respects with most local shares within two percentage points of the national average. Skilled trade occupations are the only exception. These account for 15% of employment in Somerset compared with 10% in the UK. When taken together to form a knowledge-intensive occupational group, managers & senior officials, professional occupations and associate professional and technical occupations account for 40% of employment in Somerset. This is five points below the UK average.

Table 7-1: Percentage of employment by occupation, 2011

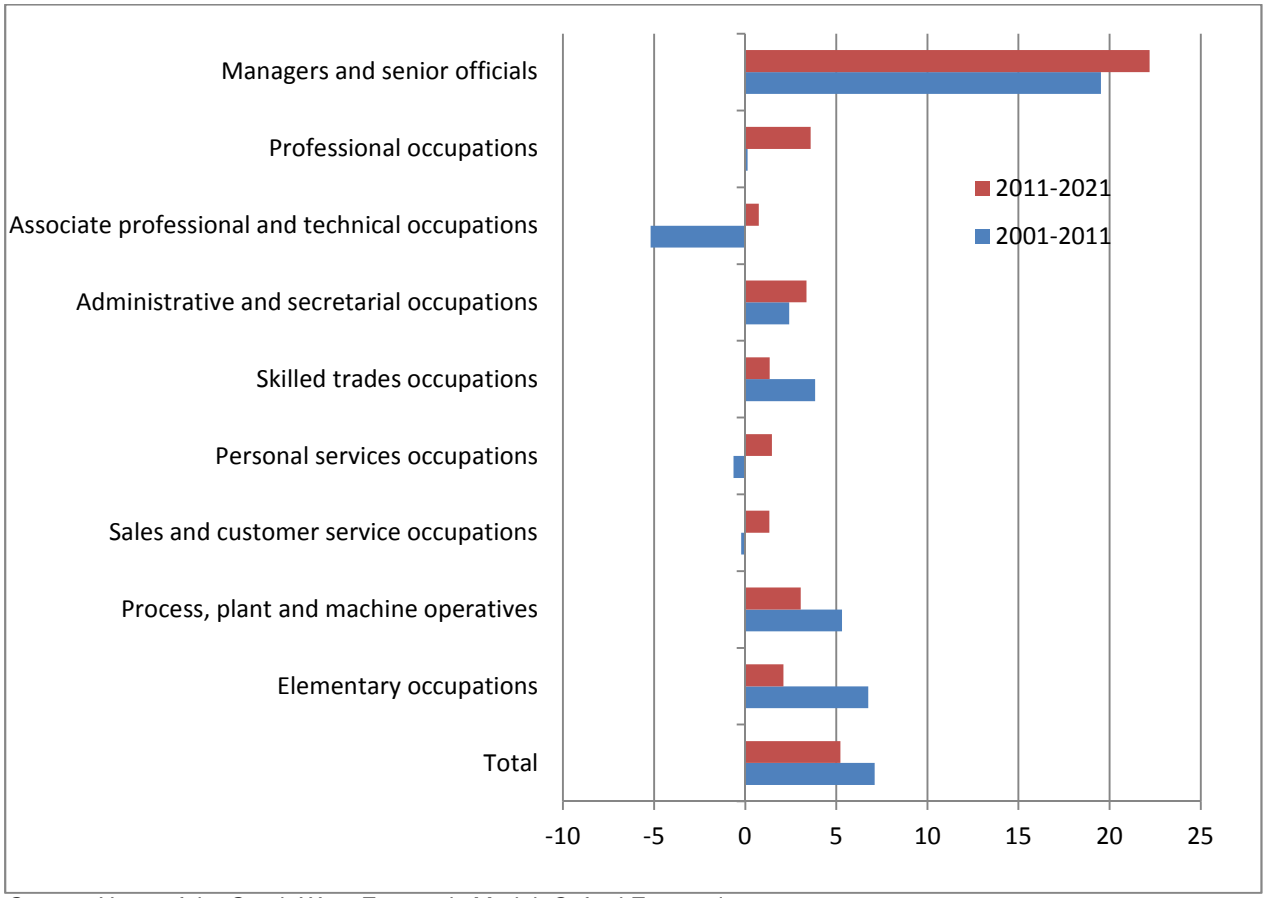
	Mendip	Sedge-moor	South Somerset	Taunton Deane	West Somerset	Somerset	UK
Managers & senior officials	16	16	15	15	16	16	16
Professional occupations	11	9	13	12	8	11	13
Associate professional & technical occupations	11	10	14	17	11	13	15
Administrative & secretarial occupations	9	9	9	12	7	9	11
Skilled trades occupations	15	15	16	11	18	15	10
Personal services occupations	8	9	8	10	10	9	8
Sales and customer service occupations	9	8	7	10	7	8	8
Process, plant and machine operatives	7	9	6	4	8	7	6
Elementary occupations	13	15	11	10	16	12	12
Total (=100)	50,720	43,351	73,638	53,505	14,783	235,997	27,182,383
% in high-skill occupations	38	34	42	43	35	40	45

Source: Oxford Economics

Among the Somerset districts, Taunton Deane and South Somerset have occupational profiles that are most similar to the UK average, but with South Somerset having a higher percentage of skilled trade occupations, reflecting the importance of manufacturing in this district. By contrast, Sedgemoor and West Somerset are the least similar to the UK average, most notably due to their comparatively low shares of knowledge-based occupations (34% and 35% respectively, compared with 45% in the UK) and their higher proportions of skilled trades occupations (especially in West Somerset), elementary occupations and to a lesser extent operatives (particularly in Sedgemoor).

The occupational distribution of employment is not anticipated to change substantially over the next ten years. The long-term trend towards higher proportions of high-skilled occupation will increase (Figure 7-1).

Figure 7-1: Historic and projected change in occupations in Somerset, 2001 to 2011 and 2011 to 2021



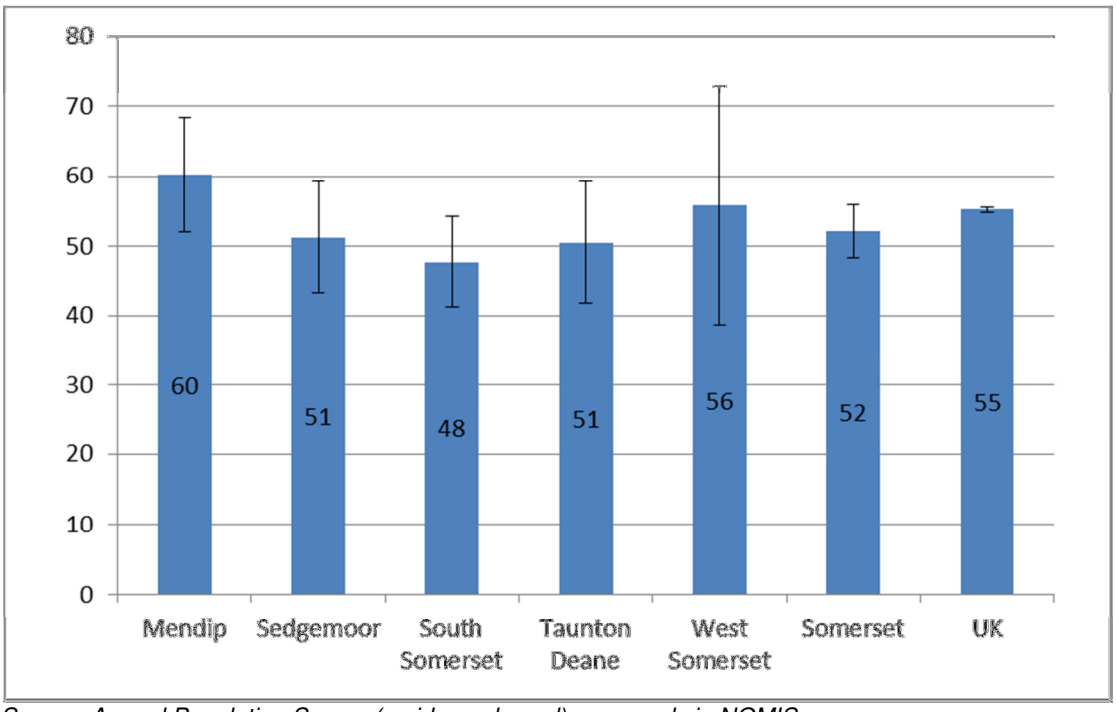
Source: Heart of the South West Economic Model, Oxford Economics

7.3 Qualifications

Unfortunately, there is a lack of information about the qualifications held by people who work in Somerset, and statistics related to Somerset residents who work are subject to relatively wide confidence intervals making it impossible to draw any robust conclusions about how the availability of qualification difference within the County and between Somerset and the UK average (

Figure 7-2). See Section 8.8 below.

Figure 7-2: Percentage of residents in employment (aged 16 to 64) with qualification to Level 3 or above; January to December 2011



Source: Annual Population Survey (residence-based) accessed via NOMIS

7.4 Vacancies and recruitment difficulties

7.4.1. Vacancies

Since the Department for Work and Pensions (DWP) stopped releasing jobcentre vacancy data in November 2012, relatively little information is available about the volume and characteristics of job vacancies in the local economy. The Universal Jobmatch website provides various public reports extracting information from the database; however ,it has not been possible fully to interrogate and verify the quality of this information for the purposes of this report[31]. Notwithstanding this, simple queries reveal the following numbers of new jobs being posted each month in Somerset since the system went live:

- November 2012 2,093
- December 2012 1,262
- January 2013 1,810
- February 2013 (up to 24th) 1,688

More than three-quarters (79%) of the 6,853 new jobs posted on the website during 1st November 2012 and 24th February 2013 were for full-time jobs. At the time of writing, it was not possible to disaggregate the data by Standard Industrial or Occupational Classification. However, two-thirds (66%) of the vacancies notified to Jobcentre Plus in November 2012 were in the low-skilled occupational categories: elementary occupations (29%); sales and customer services occupations; and process, plant and machine operatives (16%). One-in-eight (12%) of notified vacancies were in the high-skilled categories. The most common vacancies notified to Jobcentre Plus were:

- Sales and related occupations 446 (12%)
- Postal workers, mail sorters, messengers, couriers 393 (11%)
- Care assistants and home carers 282 (8%)

[31] A query for the number of live vacancies available on the 24 February 2013 generated a count of 155 vacancies. This is not consistent,

- Food, drink and tobacco process operatives 225 (6%)
- Packers, bottlers, canners, fillers 207 (6%)
- Heavy goods vehicle drivers 130 (4%)
- Customer care occupations 111 (3%)
- Labourers in building and woodworking trades 101 (3%)
- Other good handling and storage occupations 100 (3%)
- Sales representatives 92 (2%)

The Commission for Employment and Skills Employer Survey asked employers about their recent recruitment activity. Fieldwork for the 2011 survey took place during [months] and involved interviews with 911 employers in Somerset. One in 10 (11%) survey respondents had at least one vacancy at the time of the survey. Employers locally were less likely to have a vacancy than employers nationally (15%).

The ONS vacancy survey is the most comprehensive estimate of the number of vacancies in the UK economy and, while local information is not available, it provides a useful barometer of the current levels of recruitment compared with previous periods. The latest estimate, for November 2012-January 2013, suggests there were 487,000 vacancies in the national economy. Most (89%) of these vacancies were in the services sector. The most common sectors were:

- Retail 73,000
- Human health and social work activities 67,000
- Accommodation and food services activities 48,000
- Professional scientific and technical activities 42,000
- Education 37,000
- Manufacturing 35,000
- Administrative and support service activities 34,000
- Financial & insurance activities 27,000

Most vacancies available between November 2012 and January 2013 were in large organisations: 42% in organisations with 2,500 or more employees and 18% in organisations with 250 to 2,499 employees. More than one quarter (27%) were in organisations employing between one and 49 employees.

The current level of vacancies is 24,000 higher than the same quarter 12 months earlier but 30% lower than the pre-recession peak of 694,000 (January-March 2008). In the last 12 months, the sectors reporting the largest percentage increases in vacancies were:

- Other service activities + 49%
- Mining and quarrying + 28%
- Financial and insurance services + 26%
- Human health and social work activities + 23%
- Construction + 19%
- Arts, entertainment & recruitment + 16%

Sectors with declining volumes of vacancies over the last 12 months were:

- Transport & storage - 11%
- Professional, scientific and technical activities - 12%
- Manufacturing - 16%
- Information & communication - 17%
- Water supply, sewerage, waste & remediation - 20%

7.4.2. Recruitment difficulties

7.4.2.1.1. Hard-to-fill vacancies (HtFVs)

The 2011 UKCES Employer Survey explored the extent to which employers experienced difficulties filling their vacancies. 5% of Somerset employers had at least one HtFV at the time of the survey. HtFVs were less common in Somerset than England a whole. Three broad occupational groups - machine operatives (29%), associate professionals (24%) and skilled trades occupations (23%) – accounted for the majority of HtFVs.

7.4.2.2. Skill shortage vacancies (SSVs)

There are various reasons for vacancies to be difficult to fill. Often these are due to the nature of the work involved or associated with unattractive pay or conditions but they can also occur due to skills shortages – that is, there are too few people with the skills and/or experience necessary to perform the role. 3% of employers in Somerset had an SSV in 2011. More than one-fifth (21%) of vacancies, and 57% of HtFVs were SSVs. Most SSVs were either for associate professional occupations (40%) or skilled trades occupations (38%).

Most (81%) SSVs were attributed to a lack of job-specific skills or technical or practical skills (55%) although other skills most commonly reported to be in short supply were customer handling skills (26%), planning and organisation skills (24%), written communication skills (23%), literacy skills (21%), and office administration skills (21%).

7.4.2.3. Impact of HtFVs

Most (79%) employers reporting HtFVs could identify consequences or impacts of these vacancies on their businesses. This was most often increased workload for other staff (73% of employers reporting at least one HtFV) but also included loss of business or orders to competitors (44%), increased operating costs (30%), delay in developing new products or services (29%), difficulties introducing new working practices (25%), withdrawn from offering certain products or services altogether (20%), difficulties meeting quality standards (19%); difficulties meeting customer services objectives (17%); outsourced work (16%) and difficulties introducing technological change (11%).

In response to these difficulties, employers with HtFVs most frequently increased their advertising/recruitment spend (37%) or used new recruitment methods or channels (32%). More than one-quarter (26%) did nothing.

7.5 Skills gaps

Skills gaps exist when employees are not fully proficient in their job. Almost one-fifth (18%) of Somerset employers taking part in the 2011 UK Employer's Skills Survey identified a skills gap within their workforce (the same percentage as the national average)[32]. Employers were most likely to identify a skills gaps for managerial occupations (5% of all respondents reported a skills gap within their managerial workforce) and skilled trades occupations (4% of employers).

Skills gaps affect a relatively small percentage of the workforce – 4% of employees in Somerset were estimated to be not fully proficient in 2011. This is a lower percentage than the England average of 6%. When expressed as a percentage of all employees, the incidence of skills gaps was highest for elementary (0.8% of employees in this occupation) and sales and customer services staff (0.7% of employees). These occupations also accounted for the largest share of skills gaps at 19% and 17% respectively.

[32] The Heart of the South West Business Survey (2012) reported higher levels of skills gaps: 28% among responding employers across the LEP area in 2011.

Skills gaps most commonly exist because employees are new to their roles (53%) or because employees have only partially completed training that will presumably address their skills deficiencies (52%). These results suggest that almost half of skills gaps are expected to be only temporary and remediated with experience and training. However, employer responses also suggest that a significant minority of skills gaps may be more difficult to rectify. Other reasons for skills gaps include:

- Staff lack motivation - affecting 17% of skills gaps.
- Staff have been on training but performance has not improved sufficiently - 13%.
- Introduction of new working practices - 14%.
- Staff have not received the appropriate training - 12%.
- Introduction of new technology - 11%.
- Unable to recruit staff with the required skills - 8%.
- The development of new products and services - 7%.

Most (60%) skills gaps identified locally were in job-specific skills or technical or practical skills (34%) although many were also attributed to a range of key skills such as customer-handling skills (37% of skills gaps); team-working skills (35%); planning and organisational skills (30%); problem-solving skills (29%); oral communication skills (27% of skills gaps); and written communication skills (23%).

Skills gaps were having a major impact on 11% of employers in Somerset who identified a gap and a minor impact on 46%. The most commonly reported impacts were: increased workload for other staff (44% of employers with skills gaps); increased operating costs (24%); difficulties meeting quality standards (21%) and difficulties introducing new working practices (19%). A significant minority of respondents with skills gaps (43%) felt that the skills deficiencies did not impact on how their businesses performed.

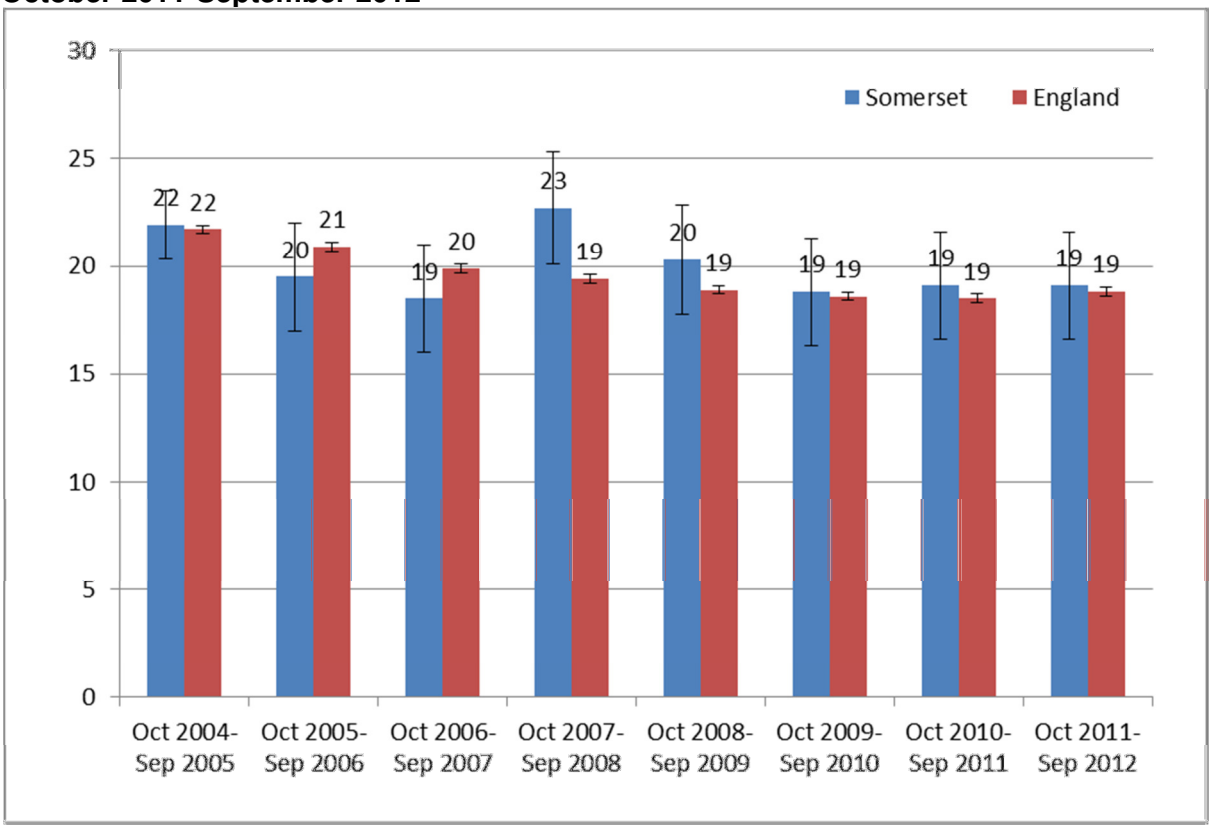
Three-quarters (75%) of employers with skills gaps had taken steps to improve the proficiency or skills of staff with skills gaps, with a further 8% planning measures to address the problem. 13% of employers with skills gaps had not done anything about the issues and had no plans to do so in future.

7.6 Job-related training

The 2011 UKCES Employer Skills Survey found that almost two-thirds (64%) of Somerset employers had offered their staff training in the last 12 months. This is slightly less than the 66% of employers nationally.

One-fifth (19%) of Somerset residents aged 16 to 64 had received job-related training in the last 13 weeks during October 2011-September 2012. The estimate is neither statistically different from the national average (also of 19%) nor from previous years. The proportion of the population training nationally declined each year between October 2004-September 2005 and October 2008-September 2009 but has remained constant since then.

Figure 7-3: Percentage of residents aged (16-64) who had received job-related training within the last 13 weeks; Somerset and England: October 2004-September 2005 to October 2011-September 2012



Source: Annual Population Survey (Resident Analysis), NOMIS

Unfortunately, statistics describing differences in the patterns of training by population group are not statistically significant locally. However, estimates for England suggest that employees and the self-employed (27%) are more likely to train than the unemployed and economically inactive. Training is particularly common among full-time workers (28%), those in managerial and professional occupations (33%) and public sector workers (41%).

8. WORKFORCE COMPETITIVENESS: SUPPLY OF LABOUR

Key points

Employment

- Latest estimates (for October 2011-September 2012) suggest 237,000 Somerset residents aged 16 and over were in employment, 169,400 were economically inactive, and 10,100 were unemployed. Analysing trends over time suggests that the number of Somerset residents in employment has fallen since October 2007-September 2008 to the extent that the County currently has 16,400 fewer people in employment than at the last pre-recession peak. In percentage terms, the decline in employment (6.4%) is greater than the England average (0.2%). Furthermore, employment levels nationally have risen over the last two years while levels locally continue to fall.

- Almost three-quarters (74%) of Somerset's population aged 16 to 64 were in employment during October 2011-September. Somerset residents were more likely to be in employment than the England average (71%).

- Whilst there is a degree of volatility in the numbers of residents who are working full and part-time, it would appear that the number of full and part-time jobs increased during the period leading up to the recession and then both fell during the period immediately following the first recessionary 'dip'. The trend post October 2008-September 2009, however, has been that changes in full and part-time employment have moved in opposite and changing directions. Most recently, this has been a decrease in full-time employment and an increase in part-time employment.

- Compared with four years ago, self-employment has fallen from 16% to 15%. 35,800 Somerset residents were self-employed and 11,500 had some other form of flexible employment contract (October 2011-September 2012 figures). Somerset has seen a 10% *reduction* in the number of self-employed residents, contrary to a 10% increase in self-employment nationally. At the same time, the County has seen an 11% *increase* in the number of residents working with some other form of flexible arrangement, compared with a decline of 13% in the number of residents with this form of employment nationally.

- Taunton Deane, South Somerset and Mendip have the same employment rate (66% of residents aged 16 to 74 according to the 2011 Census) but employment propensities are slightly lower in Sedgemoor (64%) and lower still in West Somerset (60%).

- As for districts, the Annual Population Survey does not always generate reliable employment rate estimates for groups of the population sharing the same characteristics. Notwithstanding this, is it clear that residents with a qualification at any level are considerably more likely to be in employment than those without a qualification; men are more likely to be in employment than women; and people aged 20 to 64 are more likely to be in employment than those aged 16 to 19, and aged 65 and over.

- Estimates suggest that employment levels have yet to return to their pre-recession peak although the changes over time have been relatively small by comparison with the confidence intervals associated with the estimate. It is therefore impossible to say with any degree of statistical certainty what the local trends have been. Notwithstanding this, employment rates, nationally, have improved modestly since October 2011-September 2012 and it would seem likely that the situation has improved in Somerset in line with this wider trend.

- Public sector employment peaked at 59,200 in October 2008-September 2009. It fell a year later but has increased in each of the last three years. It remains, however, 3,700 (or 6%) lower than its peak. This compares with a contraction in public sector employment nationally of 4% over the same period

- One-in ten-Somerset residents are thought to be under-employed, that is, in employment but working fewer hours than they would like.

Unemployment

- According to the Government's preferred measure of unemployment, 10,100 Somerset residents were unemployed during October 2011-September 2012. The County's unemployment rate - 4% of the Somerset population aged 16 and over – is half that of the national rate (8%). Research by Sheffield Hallam University puts Somerset's 'real unemployment rate' at almost 7% in April 2012.

- 2% of Somerset's population aged 16 to 64 is claiming Jobseeker's Allowance. The Claimant Count rate is highest in Sedgemoor where some wards have a rate in excess of 5%.

Participation in education or training

- 85% of 16 year olds remain in full-time education after leaving school in 2010. While staying-on rates in Somerset have improved over time, they have increased at a slower rate than the England average. This has meant that staying-on rates have remained below the national average since 2005.

- 4% of 16 year olds were in work-based education or training in 2010. Participation in work-based learning among this group has fallen from 8% in 2001.

- More than 1,400 young people aged 19 and under in Somerset started on the apprenticeship programme in 2011/12, mostly at the intermediate level. The programme has been growing in popularity since 2005/06 – notwithstanding a dip in 2008/09 – although numbers for the latest year are down marginally on the previous year.

A levels

- The vast majority (93%) of A level students in Somerset achieved at least two A Level passes (grade A*-E) in 2012. This is the same percentage as the national average. Somerset, has a higher percentage of students, who achieve the highest grades than the national average with almost one-fifth (19%) achieving at least grades AAB, 12% achieving three or more A*-A grades , and 9% of students achieving AAB or better in the 'facilitating ' subjects most often required by the best universities.

Attainment at age 19

- In 2011, four-fifths (82%) of 19 year olds in Somerset had achieved a Level 2 qualification, with three-fifths (59%) reaching this level in Mathematics and English also. These proportions are broadly in line with the national average and have increased by 10 percentage points or more since 2005. 55% of 19 year olds in Somerset achieved a Level 3 qualification or above.

Higher Education

- The most common HE destinations for Somerset-domiciled students in 2011/12 were the Open University, the University of Plymouth, the University of the West of England and Bournemouth University. The percentage of Somerset-domiciled students attending HEIs within the South West has fallen from 45% in 2008/9 to 41% in 2011/12. Around one-third of Somerset-domiciled graduates were working in the County six months after graduation.

Highest qualification among economically active residents

- Almost all economically active Somerset residents aged 18 to 59/64 have a qualification, with the vast majority (82%) having a qualification at Level 2 or above. More than half (56%) have qualifications at Level 3 or higher and almost one-third (32 percent) are qualified to at least Level 4. While Somerset residents are more likely to hold any qualification than the national average, this is more likely to be at Level 2 and less likely to be at Level 3 or above. The biggest difference between qualification levels in Somerset and the England average is at Level 4.

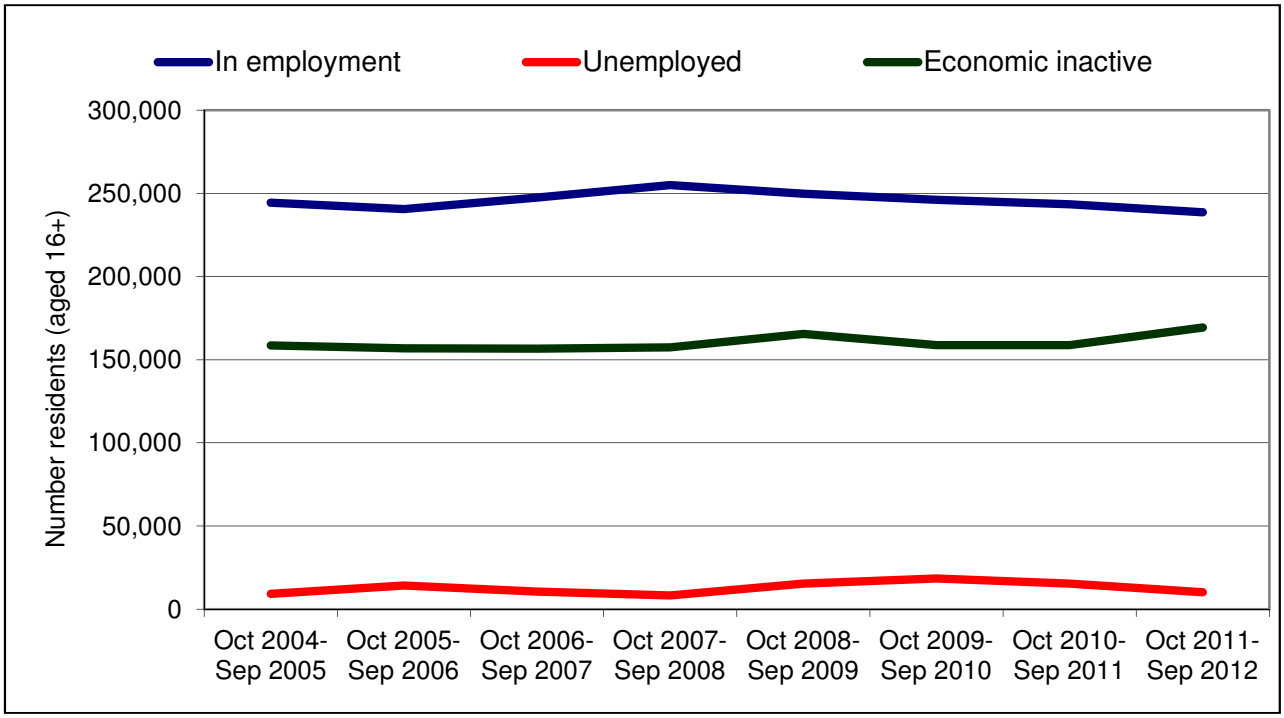
8.1 Introduction

This chapter looks at the issue of workforce competiveness. It looks specifically at the degree to which the working age population is employed, unemployed or inactive. An emerging issue of concern is hidden unemployment and underemployment. Another important feature of the competitiveness of the workforce is the skills of the workforce and the degree to which younger people are engaged in learning.

8.2 Economic status

The Annual Population Survey allows patterns of economic activity to be monitored over time. Broadly, residents can be categorised as being in employment (this can and will be broken down further in subsequent sections), unemployed (and looking for work) and economically inactive. The latest estimates (October 2011-September 2012) suggest 237,000 Somerset residents aged 16 and over were in employment, 169,400 were economically inactive, and 10,100 were unemployed. Analysing trends over time suggests that the number of Somerset residents in employment has fallen since October 2007-September 2008 to the extent that the County currently has 16,400 fewer people in employment than at the last pre-recession peak. In percentage terms, the decline in employment (6.4%) is greater than the England average (0.2%). Furthermore, employment levels nationally have risen over the last two years while levels locally continue to fall.

Figure 8-1: Economic status of Somerset residents aged 16 and over, October 2004-September 2005 to October 2011-September 2012



Source: Annual Population Survey via NOMIS

While the number of Somerset residents who are unemployed has fallen substantially from the October 2009-September 2010 peak of 18,800, it remains 1,900 (or 23%) higher than the pre-recession low (October 2007-September 2008). Encouragingly, however, the rise in the unemployed is lower in percentage terms than the England average (50%) over the period and is falling against a backdrop of rising unemployment, nationally.

Economic inactivity levels in Somerset were at their lowest in October 2006-September 2007 when 156,700 residents aged 16 and over were neither in work nor looking for work. Currently, levels are 12,700 (equivalent to 8%) higher than this, pre-recession low.

8.3 Employment status

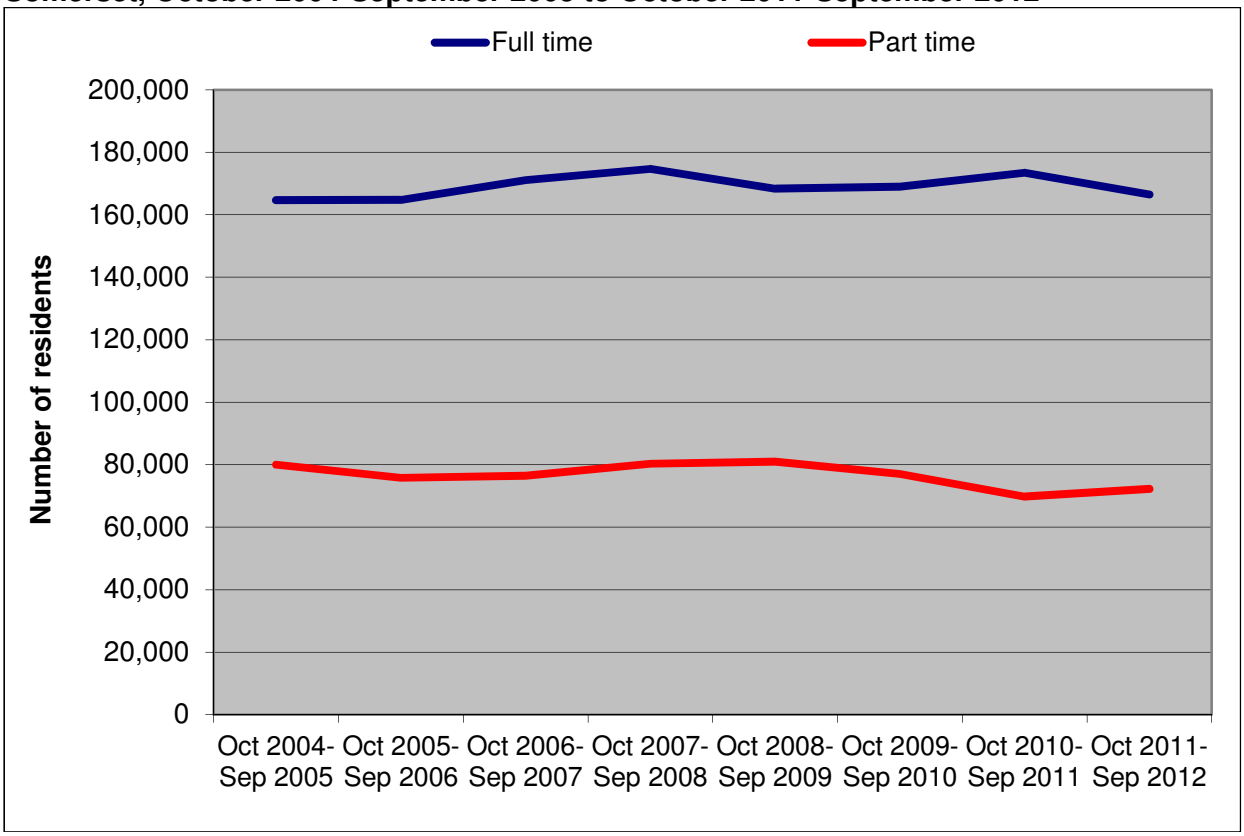
Remaining with employment - before moving on to examine under employment and unemployment – this section will examine the extent to which the nature of employment has changed over time. This will focus on the extent to which Somerset residents work full or part-time, and whether there have been any changes in the level and propensity to be self-employed as opposed to being an employee.

8.3.1. Full and part-time employment

Taking full and part-time employment first, two key questions are explored: has the number of residents working in full-time employment increased over time and if so, how does this compare with national trends? And has the propensity or percentage of people in employment working full time also increased, and again, how does this compare with the national average?

The Annual Population Survey estimates reveal a degree of volatility in the numbers of residents who are working full and part-time so it is difficult to isolate a clear trend (remembering that the estimates themselves are just that – estimates, and subject to confidence intervals). These reservations aside, it would appear the number of full and part-time jobs increased during the period leading up to the recession and both fell during the period immediately following the first recessionary 'dip'. Post October 2008-September 2009, however, changes in full and part-time employment have moved in opposite and changing directions. Most recently, this has been a decrease in full-time employment and an increase in part-time employment.

Figure 8-2: Number of residents in employment working full-time and part-time in Somerset, October 2004-September 2005 to October 2011-September 2012



Source: Annual Population Survey via NOMIS

Putting intermittent peaks and troughs aside: full-time employment currently 8,200 (or 5%) lower than in October 2007-September 2009; and part-time employment is currently 8,100 (or 10%) lower. This compares with a 3% fall in full-time employment and a 6% rise in part-time employment in England over the same period.

In terms of the relative shares of employment, the percentage of residents aged 16 and over in employment working full time in Somerset is currently 70 percent[33]. This is lower than the England average (72.5%) but marginally higher than the pre-recession average (October 2007-September 2008) in Somerset (68.5%). These differences are not, however, statistically significant.

8.3.2. Employees and self-employment

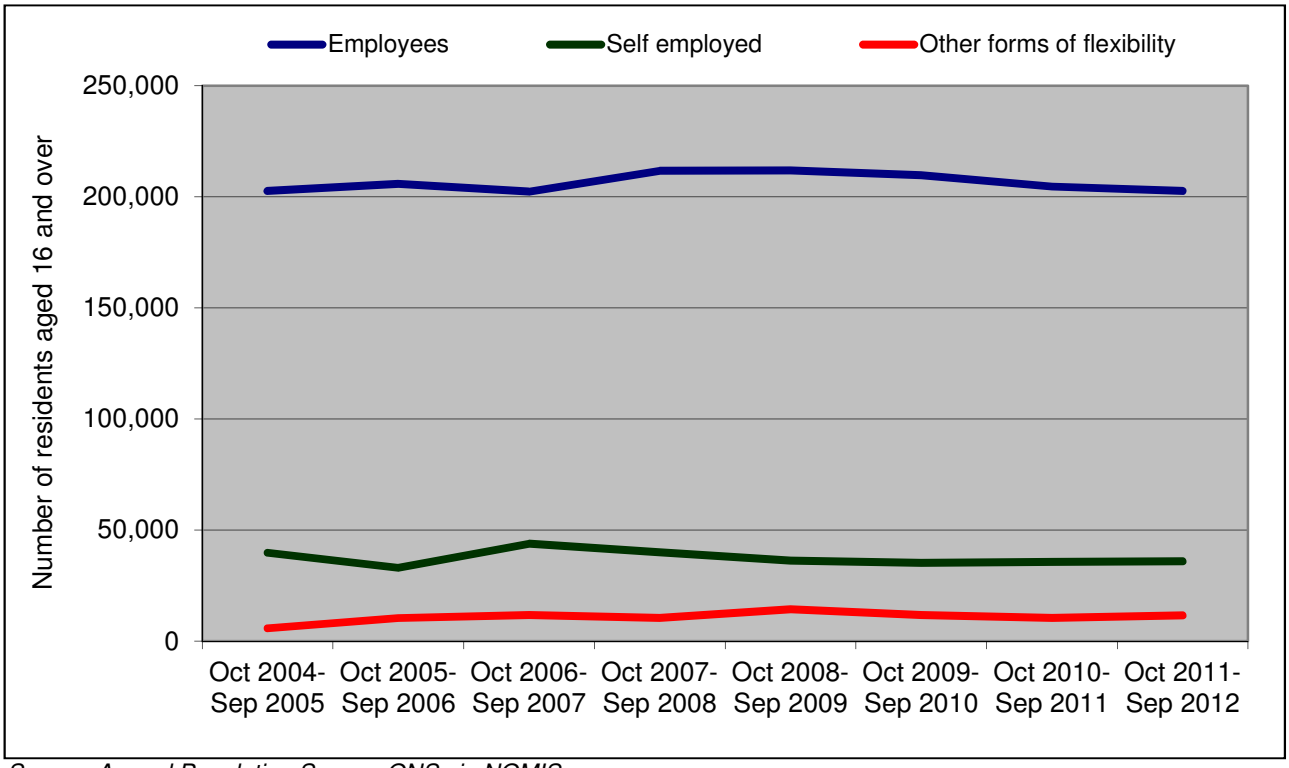
Turning now to the type of employment, the Annual Population Surveys estimates that 202,600 Somerset residents aged 16 and over are employees, 35,800 are self-employed and 11,500 have some other form of flexible employment contract (October 2011-September 2012 figures). Broadly, the trends post-October 2007-September 2008 have been:

- A *gradual decline* in the number of residents working as employees such that there were 4% fewer employees in October 2011-September 2012 than the same period four years previously. This compares with a 2%decline in the number of employees in England.
- A 10% *reduction* in the number of self-employed residents. This is contrary to a 10% increase in self-employment nationally; and

[33] This estimate is subject to a 95% confidence interval of +/- 3.4 percentage points.

- An 11% *increase* in the number of residents working with some other form of flexible arrangement. This compares with a decline of 13% in the number of residents with this form of employment nationally.

Figure 8-3: Number of residents in employment (aged 16 and over) working as employees, self-employed or with some other form of flexible employment in Somerset: October 2004-September 2005 to October 2011-September 2012.



Source: Annual Population Survey, ONS via NOMIS

Somerset residents are equally likely to be working in each of the different working arrangements as the national average, specifically: 85% of residents aged 16 and over who are in employment are working as employees; 15% are self-employed and 5% have some other form of flexible arrangement. Compared with four years ago, the percentage of Somerset residents who are:

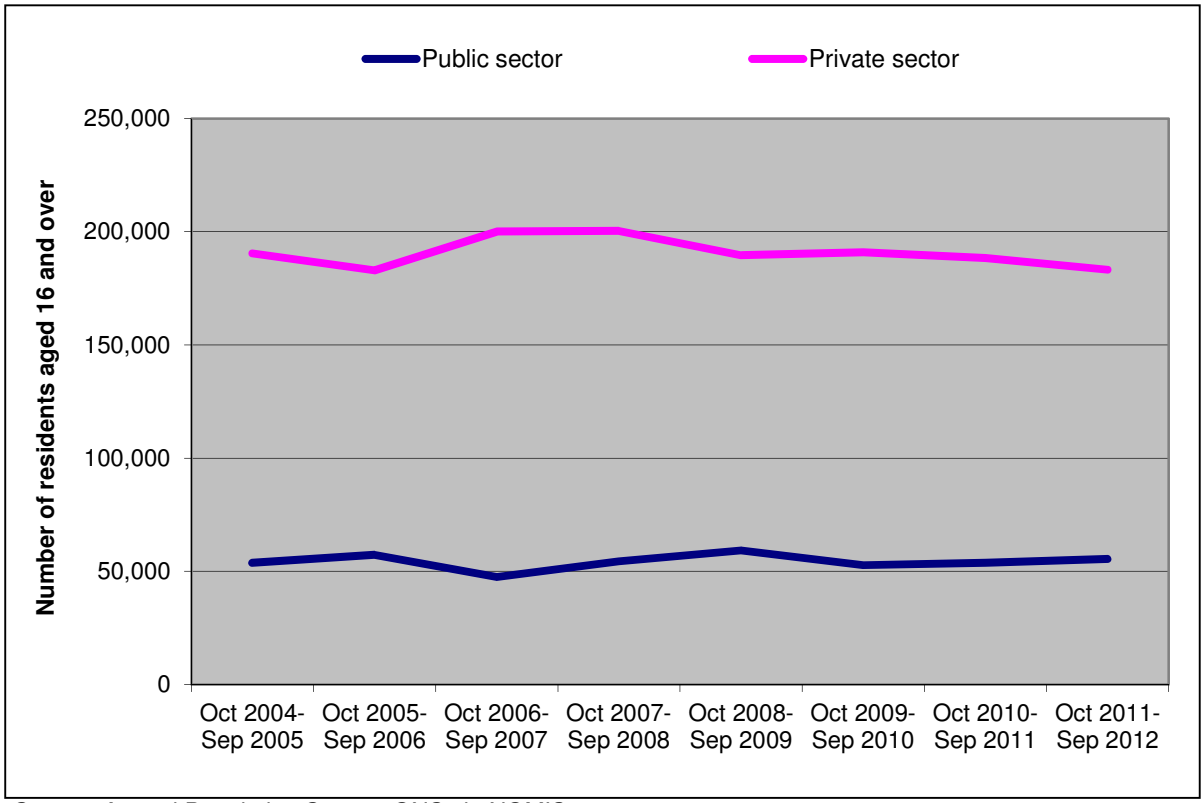
- employees has risen from 83% to 85%;
- self-employed has fallen from 16% to 15%;
- working flexibly in some other way has increased from 4% to 5%.

8.3.3. Public and private employment

During October 2011-September 2012 an estimated 183,200 Somerset residents were working in the private sector and 55,500 were working in the public sector. Private sector employment peaked at 200,400 in October 2007-September 2008 and has fallen in three of the subsequent four years. Private sector employment is currently, 17,200 lower (or 9%) lower than this peak. Private sector employment nationally fell by 0.2% over the same period. At 77%, Somerset has the same percentage of residents in employment working in the private sector as the England average. The share of private sector employment in Somerset has fallen from 79% in October 2007-September 2008 to 77% in October 2011-September 2012[34]. The private sector's share of employment nationally has remained unchanged at 77% over the same period.

[34] The percentage of Somerset residents working in the public sector increased from 21% to 23% between October 2007-September 2008 and October 2011-September 2009.

Figure 8-4: Number of Somerset residents aged 16 and over employed in the public and private sector in Somerset



Source: Annual Population Survey, ONS via NOMIS

Public sector employment peaked a year later than private sector employment reaching 59,200 in October 2008-September 2009. It fell a year later but has increased in each of the last three years. It remains, however, 3,700 (or 6%) lower than its peak. This compares with a contraction in public sector employment nationally of 4% over the same period.

8.4 Employment rates

The ONS' Annual Population Survey provides an estimate of the number of residents who are in employment. This consists of people aged 16 and over who did paid work (as an employee or self-employed), those who had a job that they were temporarily away from, those on government-supported training and employment programmes, and those doing unpaid family work.

As these are estimates – based on survey data – they are subject to sampling variability which, at the local level, can mean that differences over time and/or between areas are not statistically robust. Annual Population Survey estimates are 12 month averages, updated quarterly. The latest results relate to the period October 2011-September 2012.

According to this source, 238,700 Somerset residents age 16 and over were in employment during October 2011-September 2012 (

Figure 8-5). Employment is often expressed as a proportion of the population aged 16 to 64. The latest estimate puts Somerset's employment rate at 74%, which is statistically higher than the England average of 71%. Somerset's employment rate estimate has a confidence interval of plus/minus 2.8 percentage points which means that differences over time – even since the last peak – are not statistically significant.

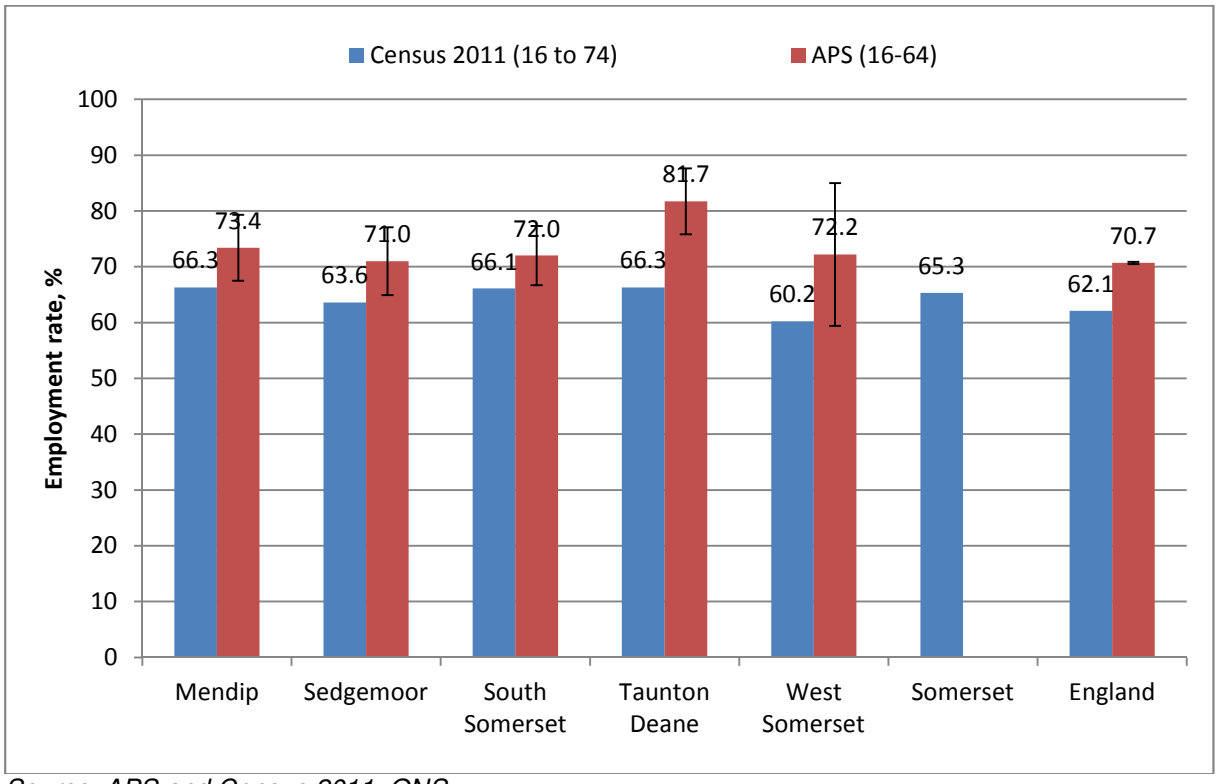
8.4.1. Local authority district

Annual Population Survey estimates are subject to even wider confidence intervals at the district level making comparisons within the County problematic (

Figure 8-5). While less up-to-date than the APS, the 2011 Census provides a fair indication of how residents' propensity to work varies across the County. Note that these rates are based on the population aged 16 to 74 rather than 16 to 64 and are consequently lower. The 2011 Census-generated employment rates suggest that employment propensities are broadly comparable in Mendip, Sedgemoor and Taunton Deane, are slightly lower in Sedgemoor but are lowest in West Somerset (

Figure 8-5).

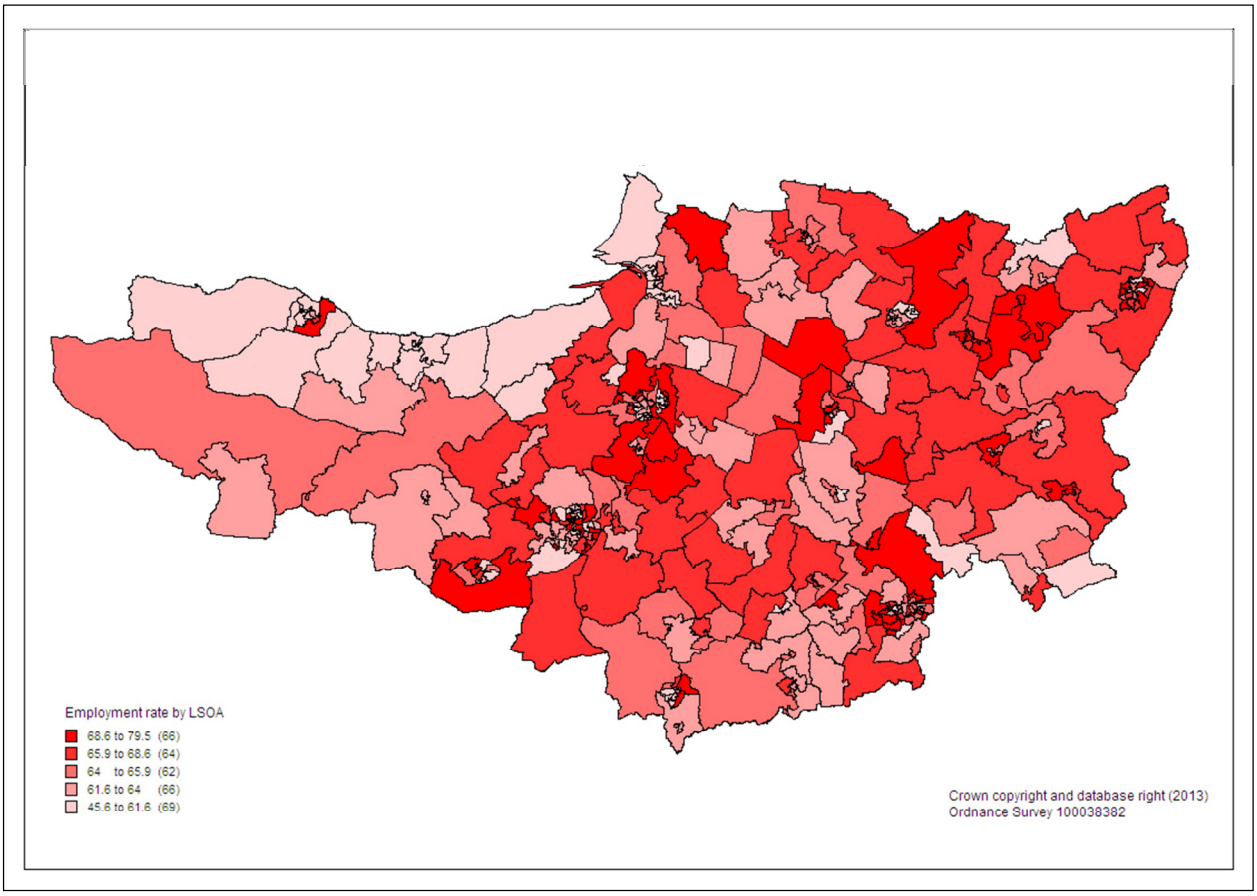
Figure 8-5: Employment rates compared



Source: APS and Census 2011, ONS

The 2011 census provides a fairly detailed pictured of employment rates across Somerset. As this source includes residents aged 65 to 74 to the calculation, these employment rates tend to be lower than those generated by the Annual Population Survey (as employment rates fall away from age 50). A clear geographic pattern is not discernible although Mendip and Taunton Deane appear to have the most LSOAs with the highest employment rates and West Somerset appears to have most of the LSOAs with the lowest employment rates (Figure 8-6).

Figure 8-6: Percentage of the population aged 16 to 74 in employment by LSOA in Somerset: 2011

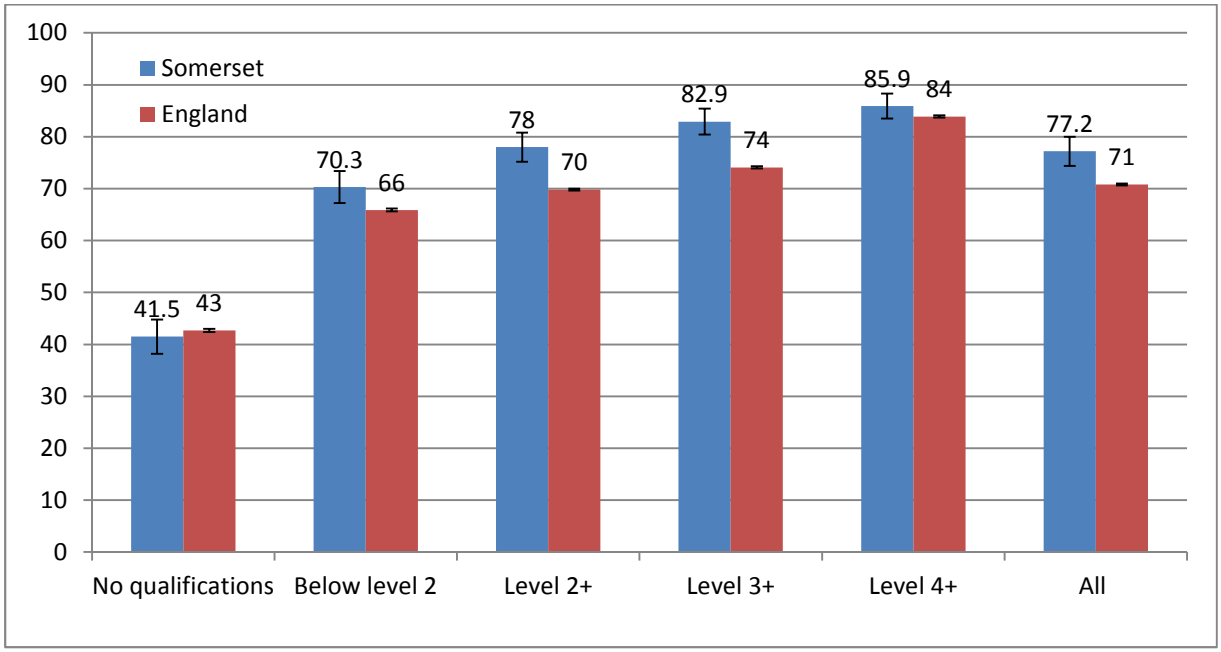


Source: 2011 Census, ONS

8.4.2. Highest qualification

While higher levels of qualification attainment are associated with improved employment rates (Figure 8-7), having a qualification at all – even one at a fairly low level (i.e. below Level 2) – enhances employment probabilities substantially. Residents with a qualification at Level 3 (83%) are twice as likely to be in employment than those with no qualifications at all (42%).

Figure 8-7: Employment rates by qualification level (16-59/64); Somerset and England: 2011

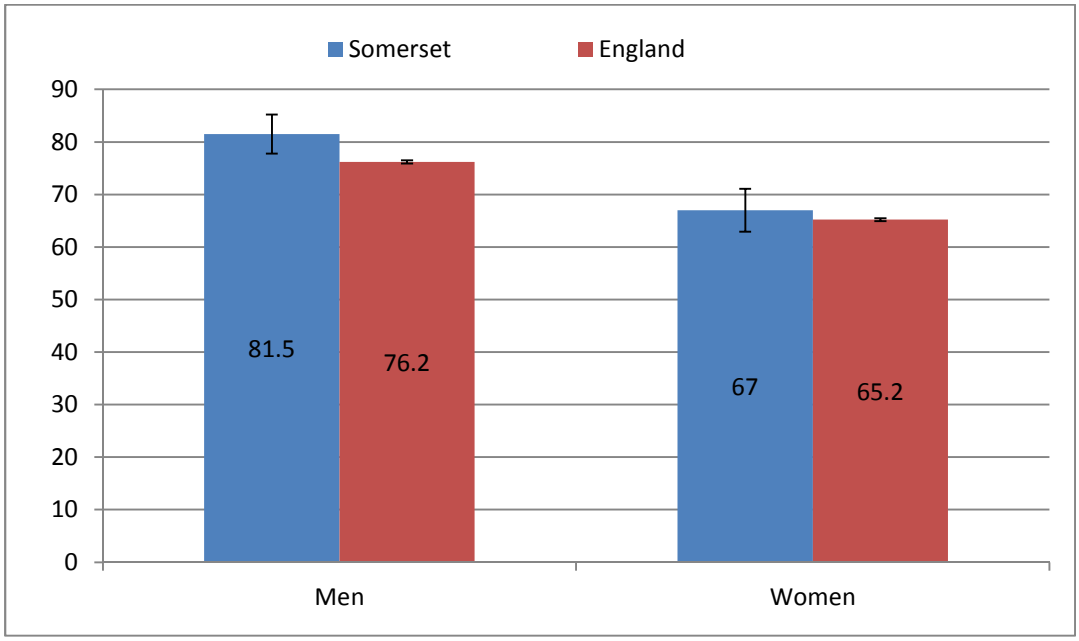


Source: Annual Population Survey accessed via Data Service Statistical Release
http://www.thedataservice.org.uk/NR/rdonlyres/6B15D7EC-3BC3-4DD3-A794-940BCEB726B5/0/LFSregionalandsubregionalestimatesofeducationalattainment_nov12xls.xls

8.4.3. Gender

Employment rates for men are statistically higher than those for women for Somerset and England. Furthermore, while the employment rate for men is higher in Somerset than England, there is no statistical difference between the employment rates for women inSomerset and England.

Figure 8-8: Employment rates by gender: Somerset and England: October 2011 to September 2012

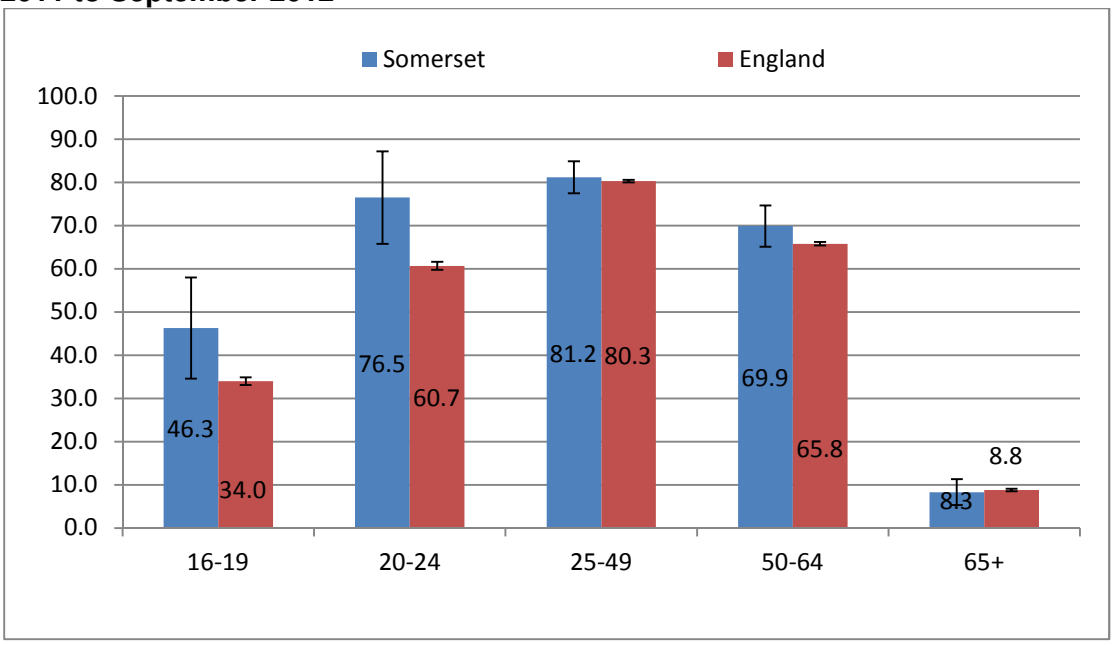


Source: Annual Population Survey, ONS downloaded from NOMIS

8.4.4. Age

Employment rates rise with age, peaking at 81% of Somerset residents aged 25 to 49 and falling thereafter. 8% of Somerset residents aged 65 or over were in work during October 2011 – September 2012.

Figure 8-9: Employment rate by selected age group; Somerset and England: October 2011 to September 2012



Source: Annual Population Survey, ONS

8.4.5. Impact of the recession on employment rates

Employment levels in Somerset are currently 94% of their October 2007-September 2012 peak (Figure 8-10) and have fallen in each of the last four years. The latest employment rate estimate is also lower than the pre-recession peak but the difference is not statistically significant. The phenomenon of falling employment levels and rising employment rates implies that the population aged 16 to 64 is falling. Estimates suggest that employment rates nationally have recovered slightly from the low of 70% recorded in October 2010-September 2012[35].

[35] See http://www.ons.gov.uk/ons/dcp171778_297429.pdf for the latest quarterly employment rate estimates for the UK.

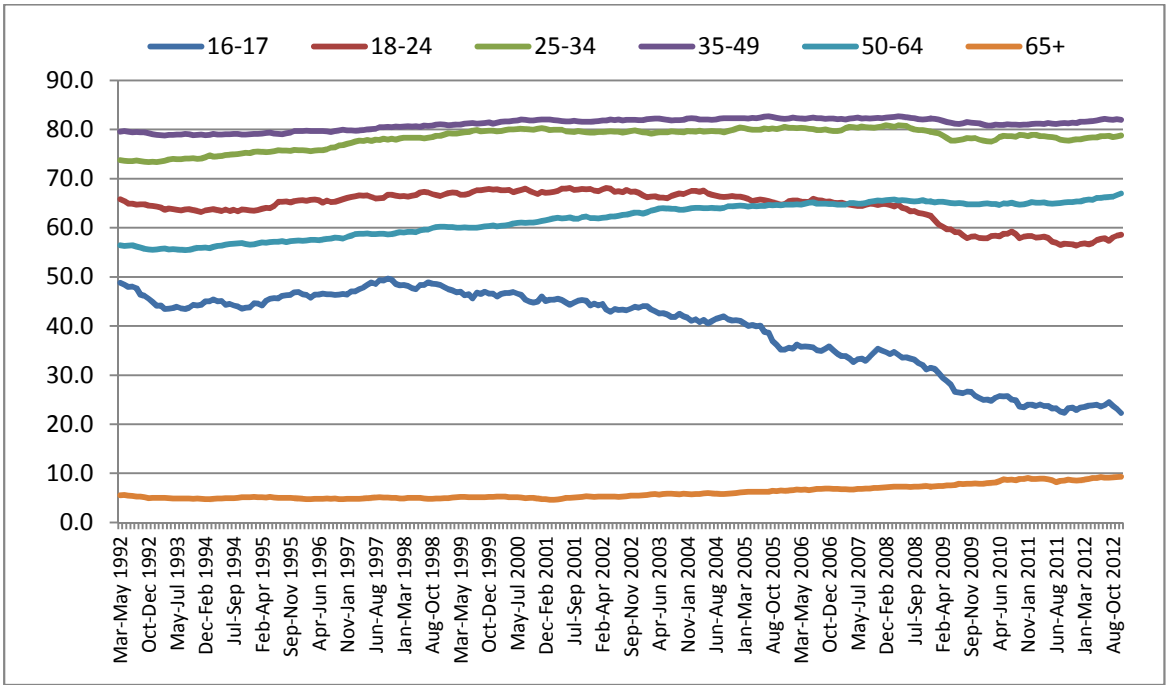
Figure 8-10: Employment trends, Somerset and England, October 2011-September 2012

Source: Annual Population Survey accessed via NOMIS

Unfortunately, county-level estimates from the Annual Population Survey are not sufficiently robust to identify the impact of the recession on specific population groups. However, analysis of UK data suggests that:

- The recent recession has not disrupted some longer-term trends in employment probabilities by age. For example, the employment rate for 16 to 17 year olds has *decreased* since mid-1997 and the employment rate of both older worker groups, that is, those aged between 50 to 64 and 65 and over, has *increased*.
- The employment rate for 18 to 24 year olds appears to have been the most affected between 2008 and 2009.
- Employment rates for all groups except 16 to 17 year olds were higher in October – December 2012 than in the same quarter the previous year.

Figure 8-11: Employment rates by broad age group, UK, 1992 to 2012 (quarterly)



Source: Labour Force Survey, ONS http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/february-2013/table-a05.xls

8.5 Underemployment

While employment levels (and rates) have been remarkably resilient given recent levels of economic (non-) growth, there is evidence that growing numbers of employees are working fewer hours than they would like. Underemployment[36] rates in the UK have increased from 6.4% in 2004 to 10.5% in 2012[37]. Estimates derived from the Annual Population Survey suggest that 25,000 Somerset residents were underemployed during October 2010-September 2011[38]. The underemployment rate for this period was 10.4%. UK data suggests that:

- Most (76%) underemployed workers want more hours in their current job. 15% want a different job with longer hours and 9% want an additional job.
- Less than two-thirds (62%) of underemployed workers are part-time and almost two-fifths (38%) are full time.
- One-quarter (24%) of part-time workers are underemployed compared with 6% of full-time workers.
- Underemployment is a particular feature of the youth labour market with more than one-fifth (22%) of 16 to 24 year olds working fewer hours than they want. Underemployment propensities decline with age with 4% of workers aged 65 and over being underemployed.
- Occupations[39] with the highest underemployment rates are: school midday and crossing patrol occupations (39%); bar staff (33%) and cleaners and domestics (31%).

[36] Underemployed workers are those who are employed but who either wish to work more hours in their current employment or who are looking for an additional job or for a replacement job which offers more hours. They must also be over 16 and be currently working under 40 hours per week if they are between 16 and 18, and under 48 hours if they are over 18. Finally, they must be able to start working extra hours within the next two weeks.
[37] http://www.ons.gov.uk/ons/rel/lmac/underemployed-workers-in-the-uk/2012/index.html
[38] http://www.ons.gov.uk/ons/about-ons/what-we-do/publication-scheme/published-ad-hoc-data/labour-market/january-2013/underemployment-levels-and-rates-for-regions-of-great-britain.xls
[39] The three occupations shown are those with the highest underemployment rates out of the occupations in the April-June 2012 LFS that had sample sizes large enough to make reliable estimates.

8.6 Worklessness

8.6.1 ILO Unemployment

The International Labour Organisation (ILO) is the Government's preferred measure of unemployment. Estimates are derived from the Labour Force Survey (or the Annual Population Survey for county or district-level data) and include people who are not working but who have looked for a job in the last four weeks. According to this measure, 10,100 Somerset resident were unemployed during October 2011-September 2012. The unemployment rate was estimated to be 4% (but is subject to confidence intervals of ± 1.4 percentage points at 95% confidence level). This is half the England rate of 7.9%. Within Somerset, only South Somerset has a statistically reliable estimate (of 4.6%) but this is subject to a wide confidence interval of 2.8 percentage points.

Unemployment rates by age are either unreliable or subject to confidence intervals that make it impossible to draw statistically significant comparisons over time or with each other (Figure 8-12).

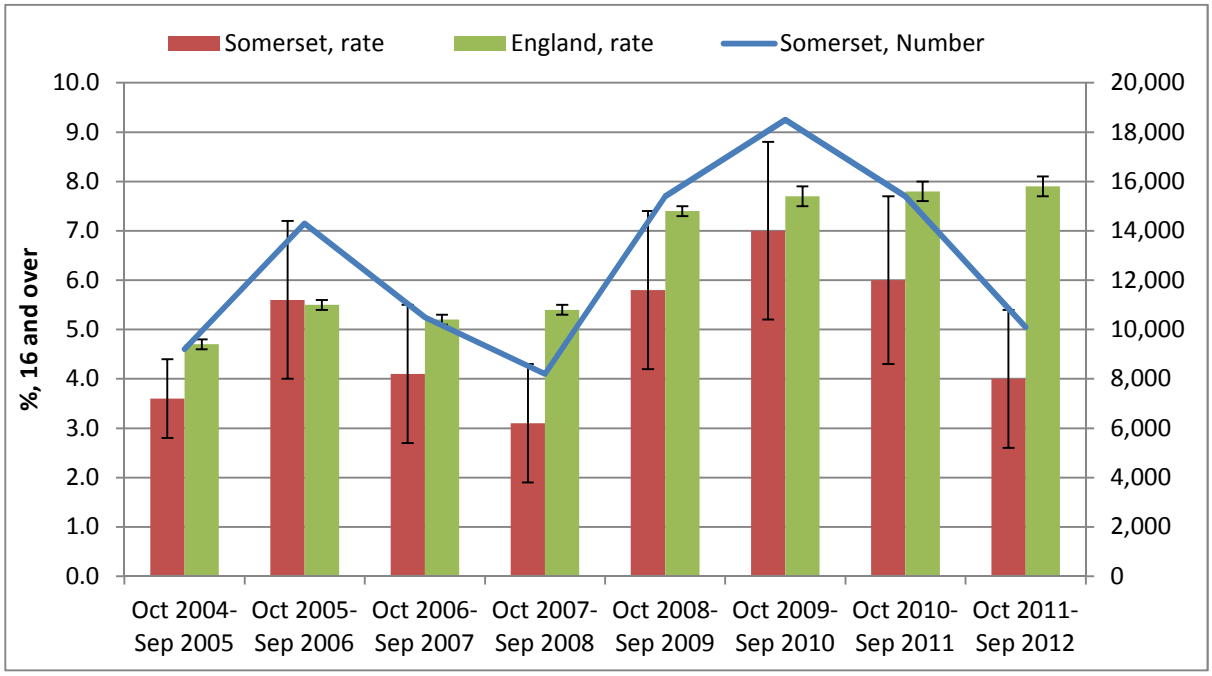
Figure 8-12: Unemployment rates by age; October 2011 - September 2012

Source: Annual Population Survey]

The estimates suggest that the number of unemployed people in Somerset has fallen over the last two years but changes in the unemployment rate over time are not statistically significant (

Figure 8-13).

Figure 8-13: ILO unemployment



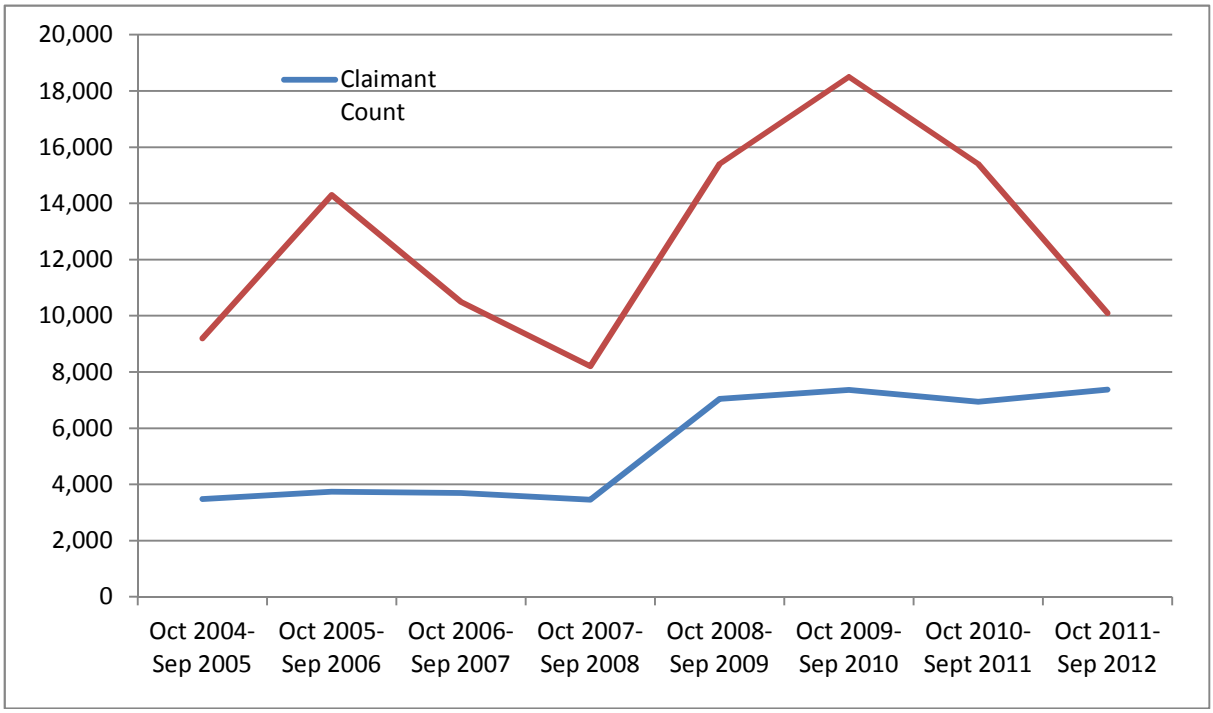
Source: Annual Population Survey accessed via NOMIS

8.6.2 Claimant count

The claimant count is an administrative count of the number of people claiming unemployment benefits, principally Jobseeker's Allowance (JSA) but also a few people who sign on as unemployed but only receive National Insurance credits because they do not qualify for JSA. The claimant count is the most up-to-date indicator of labour market performance as figures are only four weeks old when they are released. It is also updated every month and, as it is generated from administrative sources rather than a sample survey, the figures are very reliable even for small areas such as districts and wards. It is, however, a fairly narrow measure of unemployment and is dependent on benefit eligibility criteria which can become tighter or more relaxed over time. The difference between the ILO measure of unemployment and the claimant count is illustrated in

Figure 8-14.

Figure 8-14: Comparison of the ILO and claimant count measures of unemployment, Somerset, October 2004-September 2005 to October 2011-September 2012



Source: NOMIS

The claimant count in Somerset stood at 7,500 individuals in February 2013. The claimant count rate was 2.3% compared with 3.8% for England as whole. The rate was highest in Sedgemoor (3.1%).

Table 8-1: Claimant count by Somerset County and districts: February 2013

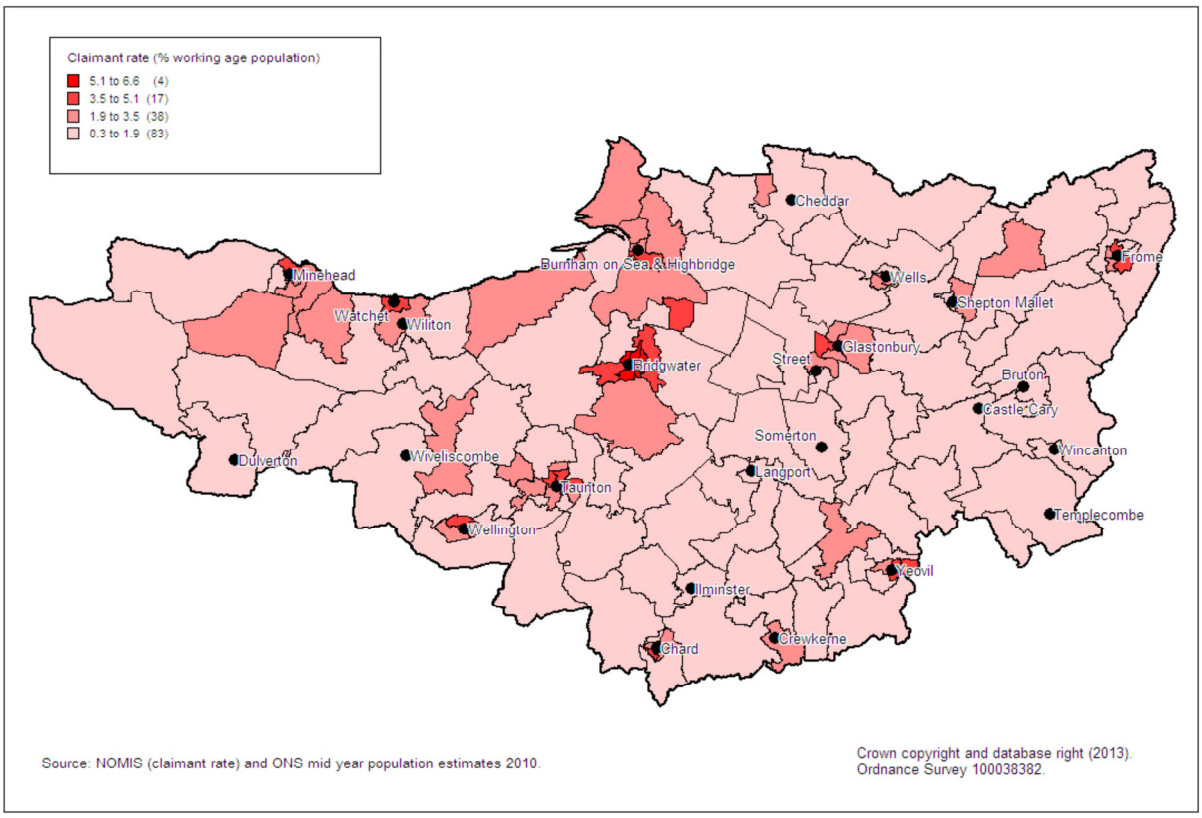
	Number	% of resident population aged 16-64
Mendip	1,362	2.0
Sedgemoor	2,181	3.1
South Somerset	1,776	1.8
Taunton Deane	1,709	2.5
West Somerset	472	2.4
Somerset	**7,500**	**2.3**
England	1,318,870	3.8

Source: ONS access via NOMIS

Four of the five wards with the largest number of claimants were in Bridgwater. In February 2013, one-in-eight people claiming unemployment-related benefits in Somerset were living in one of the Bridgwater wards of Hamp, Victoria, Sydenham or Eastover. These wards were also among those that had the highest incidence of claimants within their populations (

Figure 8-15)

Figure 8-15: Claimant count as percentage of resident population aged 16-64 by ward, February 2013



Source: ONS accessed via NOMIS

The Somerset wards with the highest claimant count rates are shown in Table 8-2.

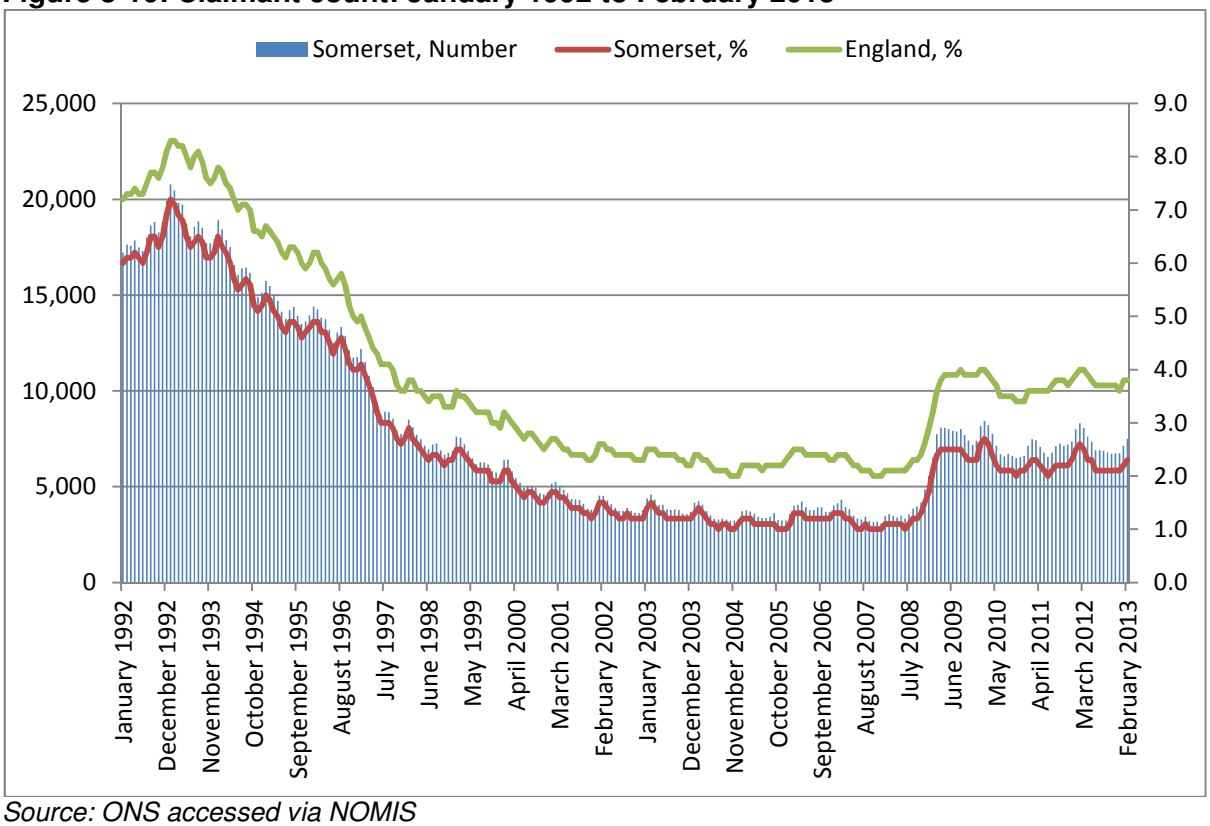
Table 8-2: Somerset wards with the highest rates of unemployment: February 2013

	Number	% of resident population aged 16-64
Bridgwater Hamp	281	6.6
Bridgwater Eastover	198	6.3
Bridgwater Victoria	261	6.2
Bridgwater Sydenham	220	5.5
Taunton Halcon	211	5.1
Highbridge	178	4.7
Taunton Eastgate	134	4.7
Taunton Lyngford	159	4.5
Frome Market	145	4.4
Chard Holyrood	75	4.2
Yeovil East	186	4.0

Source: NOMIS

Figure 8-16 shows how the claimant count has changed over time. In particular, it is clear that whilst the current rate is double that recorded in February 2008, that is, in the February preceding the recession, it is considerably lower than the 7% recorded in February 1993. The current rate is 0.3 percentage points lower than in February 2012.

Figure 8-16: Claimant count: January 1992 to February 2013



Source: ONS accessed via NOMIS

The most common occupations sought by both male and female claimants are sales and retail assistants (

Table 8-3). Among men, other popular occupations are warehouse-related, van drivers, office assistants and clerks, gardeners and various forms of labouring. Office work is also sought by women. Other occupations most frequently sought by women include care assistants, cleaners, kitchen assistants, bar staff and receptions.

Table 8-3: Occupations sought by claimants by gender; Somerset: February 2013

Occupation	Male	Occupation	Female
Sales &retail assistants	1060	Sales & retail assistants	880
Other goods handling & storage occupations n.e.c.	545	General office assistants/clerks	255
Van drivers	270	Care assistants and home carers	160
General office assistants/clerks	195	Cleaners, domestics	155
Occupation unknown	150	Occupation unknown	120
Gardeners and groundsmen/ groundswomen	135	Kitchen and catering assistants	80
Labourers in building & woodworking trades	135	Bar staff	60
Labourers in process and plant operations n.e.c.	120	Receptionists	50
Bar Staff	110	Retail cashiers and check-out operators	40
Kitchen & catering assistants	105	Animal care occupations n.e.c.	40
Cleaners, domestics	105	Customer care occupations	35

8.6.3 Real level of unemployment

The previous analysis has shown that two official measures of unemployment in the UK – the International Labour Organisation measure derived from the Labour Force Survey (or Annual Population Survey for local estimates) and the claimant count - provide substantially different figures. Furthermore, neither is comprehensive due to 'well-developed mechanisms that divert the unemployment between different parts of the benefit system, notably from unemployment benefits to incapacity benefits, or out of the benefits system entirely. Some of these men and women are counted in the official unemployment figures, but others are completely missed' (Sheffield Hallam, 2012). In recognition of this, Sheffield Hallam University has produced local estimates of the real incidence of unemployment.

Sheffield Hallam University's model put Somerset's real level of unemployment at 6.6% in April 2012: two full percentage points lower than the Great Britain average. Compared with its benchmark areas, the rate in Somerset is broadly on a par with Gloucestershire (6.5%), is lower than in Cumbria (8.4%), Lincolnshire (7.8%) and Norfolk (7.7%) but is higher than in North Yorkshire (5.3%) and Shropshire (5.4%).

Within Somerset, the real unemployment rate is highest in Sedgemoor (7.8%) and lowest in Mendip (6.0%).

Table 8-4: Estimated real level of unemployment, April 2012

	Claimant county	Hidden unemployment		Real unemployment	
		Additional LFS	Diverted to incapacity benefits	Number	% of working age
Mendip	1,610	1,600	800	4,000	6.0
Sedgemoor	2,110	1,700	1,600	5,400	7.8
South Somerset	1,880	2,300	1,800	6,000	6.3
Taunton Deane	1,650	1,600	1,000	4,300	6.4
West Somerset	370	500	500	1,300	6.6
Somerset	**7,620**	**7,700**	**5,700**	**21,000**	**6.6**
Great Britain	1,554,550	980,000	900,000	3,440,000	8.8

Source: Sheffield Hallam http://www.shu.ac.uk/_assets/pdf/the-real-level-of-unemployment-2012.pdf

8.6.4 Economic inactivity

According to the Annual Population Survey, 70,500 Somerset residents aged between 16 and 64 were economically inactive during October 2011-September. Most of these economically inactive residents did not want a job but 27% did want to work. This compares with the national average of 24% of economically inactive residents that want to work. The most common reasons for being economically inactive were:

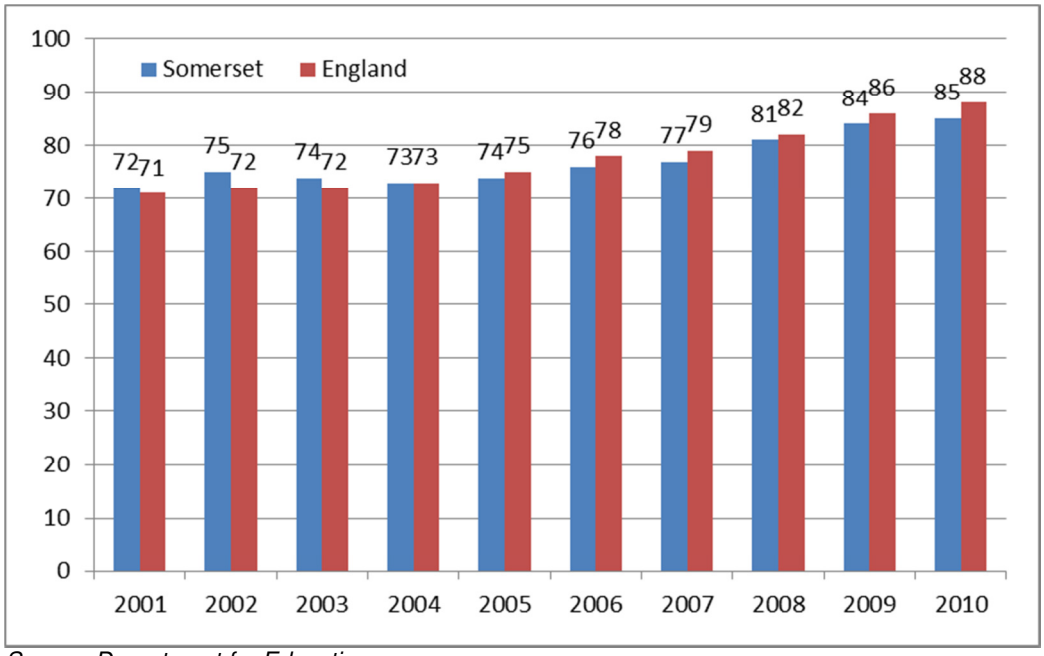
- Looking after family or home (20,400)
- Student (15,000)
- Retired (14,900)
- Long term sick (11,000)
- Other reason (5,200)
- Discouraged worker (2,600)
- Temporary sick (1,300).

8.7 Post-16 destinations

8.7.1 Participation in Further Education at age 16 and 17 years

At the end of 2010, 85% of 16 year olds resident in Somerset were in full-time education. While the percentage of young people staying on in full-time education in Somerset has expanded in line with the national trends, Somerset school leavers are less likely to stay on in full-time education than school leavers nationally. Furthermore, the gap in staying-on rates between Somerset and England has increased over time and currently stands at three percentage points. Before 2004, the staying-on rate in Somerset was higher than the national average. 75% of 17 year olds were in full-time education in Somerset at the end of 2010 compared with 76% in England.

Figure 8-17: Percentage of 16 year olds in full-time education; Somerset and England: 2001 and 2010



Source: Department for Education
http://www.education.gov.uk/rsgateway/DB/SFR/s001072/sfr18-2010lav4.xls

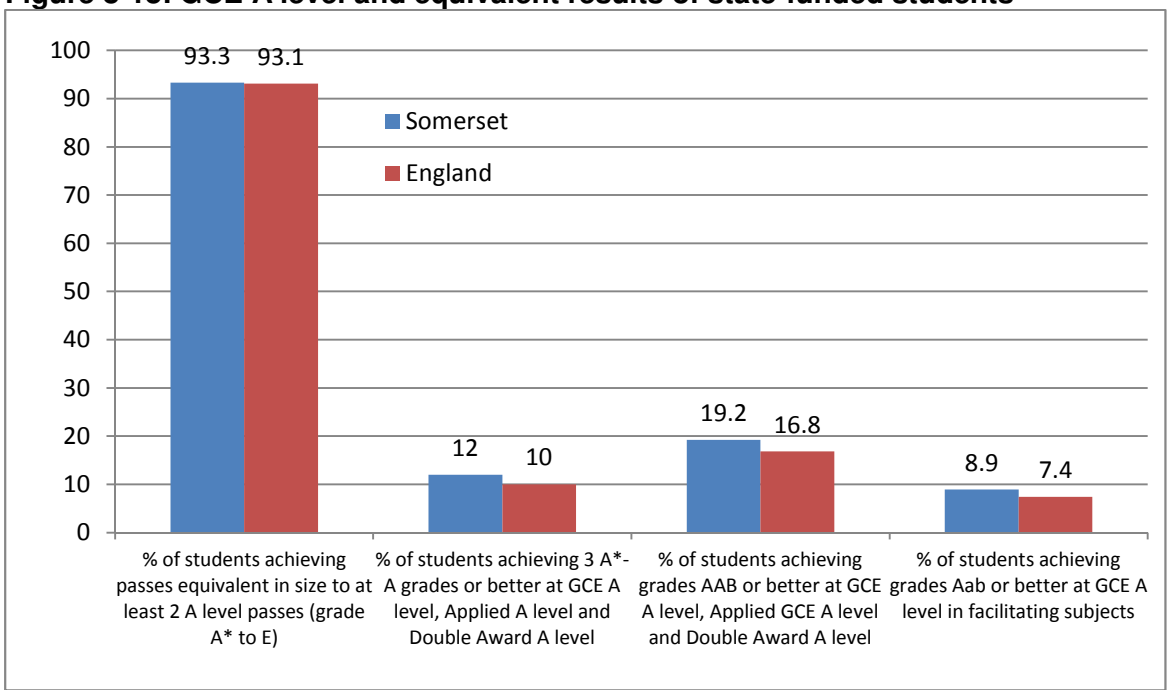
8.7.2 Attainment at A level

The vast majority (93%) of A level students in Somerset achieve at least two A level passes (grade A* to E). Almost one-fifth (20%) achieve grades AAB or better at this level and more than one-tenth (12%) achieve three A*-A grades or better. The proportion achieving the highest grades is higher than the national average (

Figure 8-18). 9% of students in Somerset achieve AAB grades (or better) in 'facilitating' subjects that are most often required by the best universities[40].

[40] Covers facilitating subjects: biology, chemistry, physics, mathematics, further mathematics, geography, history, English literature, modern and classical languages.

Figure 8-18: GCE A level and equivalent results of state-funded students



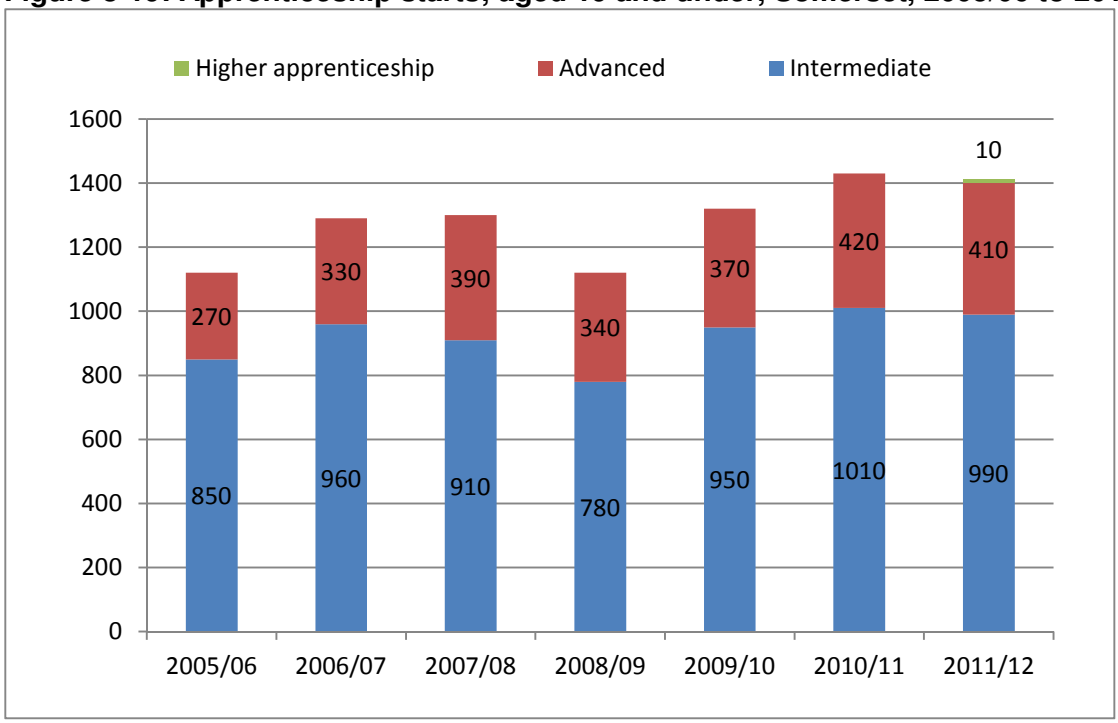
Source: Department for Education, SFR 05/2013
http://www.education.gov.uk/rsgateway/DB/SFR/s001112/sfr05-2013t9abv3.xls

8.7.3 Work-based learning and Apprenticeships

4% of 16 year olds in Somerset were in Work-Based Learning (WBL) at the end of 2010. This is the same as the percentage for England. WBL for young people comprises Advanced Apprenticeships, Apprenticeships, Employment (E2E) and other work-based related learning. The percentage of 16 year olds taking part in WBL has steadily declined in recent years, falling from 8% in 2001. 7% of 17 year olds in Somerset were in WBL at the end of 2010.

More than 1,400 young people aged 19 and under in Somerset started on the Apprenticeship programme in 2011/12. Most were at the intermediate level but there were also a small number of starts on the new Higher Apprenticeship programme. The programme has been growing in popularity since 2005/06 – notwithstanding a dip in 2008/09 – although numbers for the latest year are down marginally on the previous year.

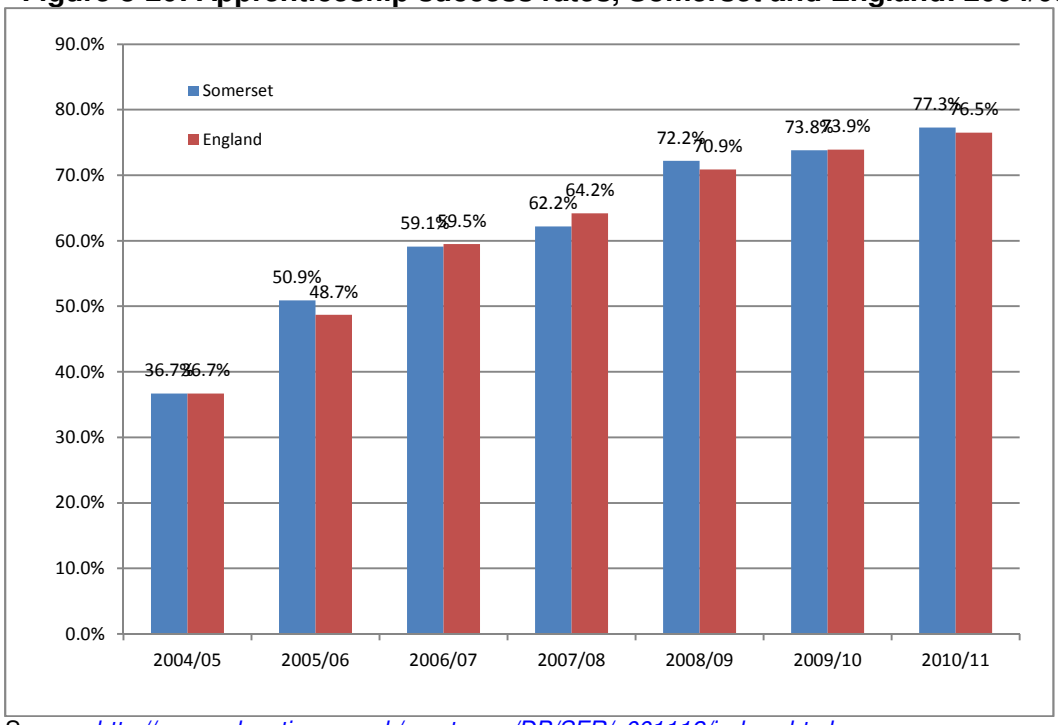
Figure 8-19: Apprenticeship starts; aged 19 and under, Somerset, 2005/06 to 2011/12



Source: http://www.education.gov.uk/rsgateway/DB/SFR/s001112/index.shtml

The success rate for the Apprenticeship programme has improved considerably since its introduction in the early 2000s with more than three-quarters (77%) resulting in a succesful outcome in 2010/11. The local success rate is higher than the national average.

Figure 8-20: Apprenticeship success rates, Somerset and England: 2004/05 to 2010/11

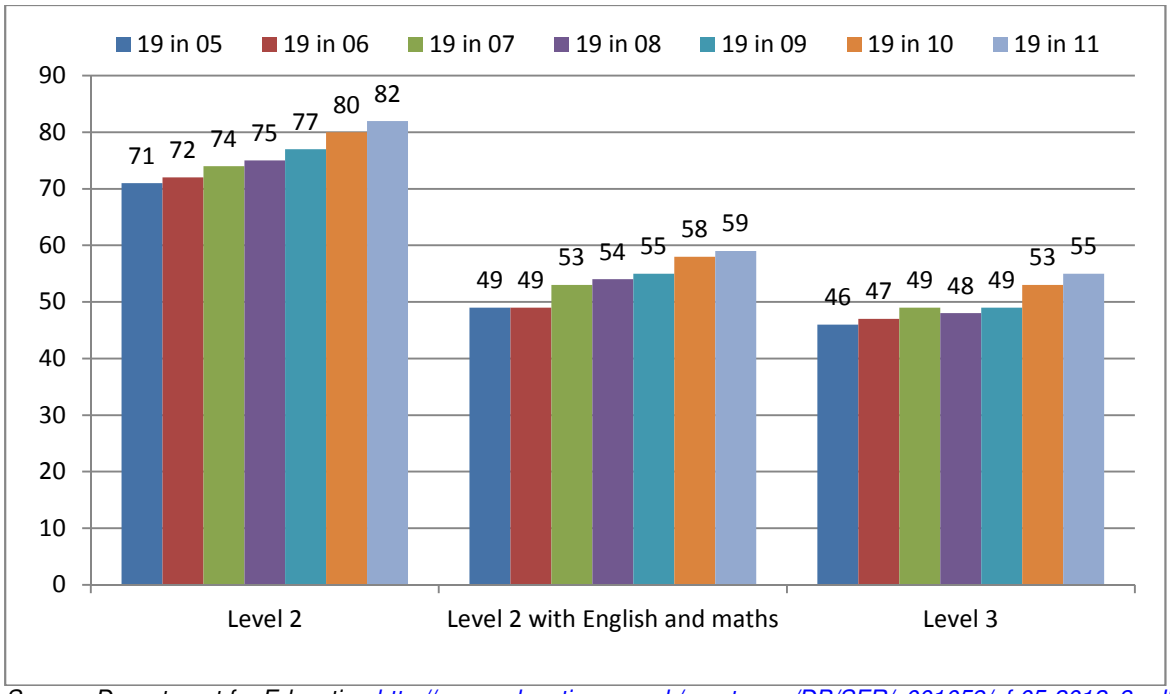


Source: http://www.education.gov.uk/rsgateway/DB/SFR/s001112/index.shtml

8.8 Educational attainment at age 19 years

The Department for Education matches administrative data from various sources to calculate the percentage of the 19 year olds who attain Level 2[41] and Level 3[42] qualifications. More than four-fifths (82%) of 19 year olds in 2011 had achieved the equivalent of five good GCSE passes (the same percentage as the England average) with 59% achieving passes at this level including maths and English (compared with 60% nationally). More than half (55%) achieved the equivalent of two A levels (compared with 53% nationally). Attainment at all levels has improved steadily since 2005.

Figure 8-21: Percentage of 19 year olds achieving Level 2 and Level 3 qualifications, Somerset: 2005 to 2011



Source: Department for Education http://www.education.gov.uk/rsgateway/DB/SFR/s001059/sfr05-2012v3.pdf

8.9 Higher Education

During 2011/12, almost 15,000 full-time equivalent students from Somerset were attending HEIs in the UK. The most popular were:

- The Open University (1,940)
- The University of Plymouth (1,635)
- The University of the West of England (1,305)
- Bournemouth University (995)
- Bath Spa University (560)
- Cardiff University (385)
- The University of Exeter (375)
- The University of Bristol (340)
- The University of Southampton (280)
- The University of Bath (280)

[41] Attainment of Level 2 equates to achievement of 5 or more GCSEs at grades A*-C or equivalent qualifications

[42] Level 3 equates to achievement of 2 or more A-levels or equivalent qualifications[1].

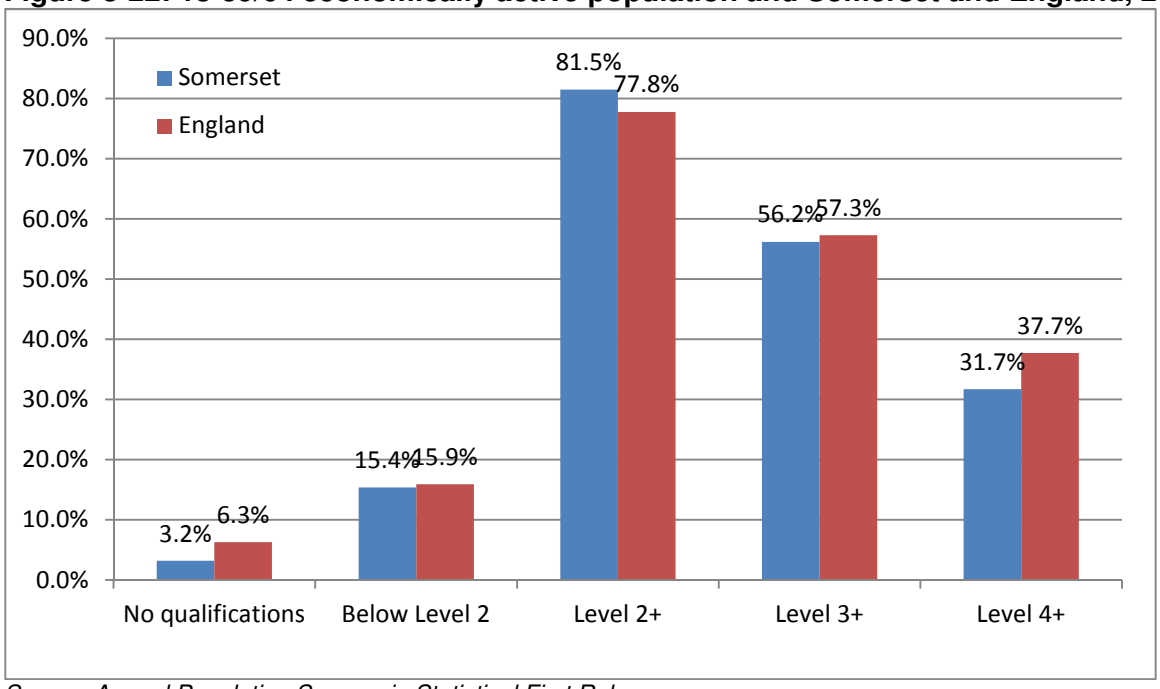
The percentage of Somerset-domiciled students attending HEIs within the South West has fallen in recent years from 45% in 2008/9 to 41% in 2011/12. A recent study on *Higher Education in the Heart of the South* (Marchmont Observatory, 2012) found that around one-third of Somerset-domiciled graduates in 2010/11 were working in the County six months after graduation. This is a similar proportion to Torbay and Devon. Plymouth retains rather more of its graduates (43%).

8.10 Highest qualification of the economically active population

Almost all economically active Somerset residents hold a qualification (Figure 8-22) ,with the vast majority (82%) qualified to at least Level 2. More than half (56%) have qualifications at Level 3 or higher and almost one-third (32 percent) are qualified to at least Level 4. While Somerset residents are more likely to hold any qualification than the national average, this is more likely to be at Level 2 and less likely to be at Level 3 or above. The biggest difference between qualification levels in Somerset and the England average is at Level 4.

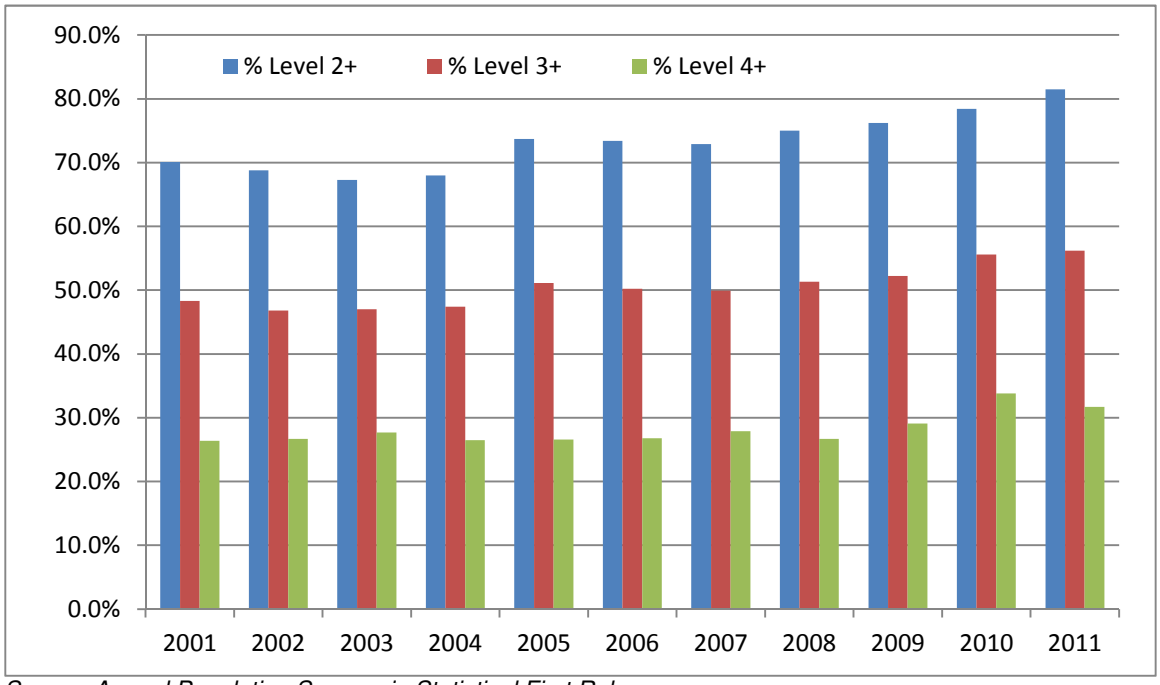
The percentage of the economically active population qualified to each level has increased since 2001.

Figure 8-22: 18-59/64 economically active population and Somerset and England, 2011



Source: Annual Population Survey via Statistical First Release

Figure 8-23: Percentage of economically active residents aged between 18-59/64 qualified to Level 2 above, Level 3 and above and Level 4 and above, Somerset, 2001 to 2011



Source: Annual Population Survey via Statistical First Release

9. PROSPERITY, QUALITY OF LIFE AND SOCIAL EXCLUSION

Key points

Material wealth

- Household and personal incomes and wages tend to be lower than the national average although very few localities in Somerset rank among the most deprived nationally.

Quality of Life and well-being

- All Somerset's districts belong to a cluster of similar and highly performing local authorities on the Audit Commission's local Quality of Life indicators. Somerset residents also report similar levels of life satisfaction and well-being to the national average.

Key stage 2

- Four-fifths of Somerset's pupils leave primary school having achieved level 4 or above in maths and English at Key Stage 2. This is the same as the England average for state schools. The latest results are not comparable with previous years due to a change in how ability in English is assessed. However, the percentage of pupils achieving level 4 and above in Mathematics increased from 82% to 87%.

- Some pupil characteristics are associated with lower levels of attainment. This includes pupils who are known to be eligible for free school meals, pupils whose first language is not English, pupils of Black ethnic origin and, most notably, pupils with Special Educational Needs. In most cases, Somerset pupils with these characteristics are less likely to achieve this standard than their peers nationally. All primary schools in Somerset achieved results that exceeded the Government's minimum floor standard.

GCSEs

- Almost three-fifths (57%) of young people in Somerset left school with five or more good GCSE passes (A*-C) including maths and English. This is below the national average of 59%. Patterns in attainment mirror those described for Key Stage 2 with pupils who are known to be eligible for free school meals performing particularly poorly on this measure (29%).

- The latest result is broadly unchanged on the previous year, with smaller percentages of young people making expected progress in English between Key Stage 2 and Key Stage 4 in 2011/12 than the previous year. Improvements locally have failed to keep pace with the national average since 2007/8. Somerset pupils who are known to be eligible for free school meals, and pupils of Black and Chinese ethnic origin, are considerably less likely to leave school with good GCSEs than pupils with these characteristics nationally.

9.1 Introduction

The overall prosperity of an area and its quality of life will be an important factor in its relative attractiveness as a place to live, work and establish a business.

9.2 Material wealth

In 2008/2010, the Wealth and Assets Survey (WAS) estimated that the combined net wealth of all private households in Great Britain was £11.3 trillion[43]. Key findings from the survey were:

- The wealthiest tenth of households owned more than 40% of overall wealth and the bottom half of households[44] owned 10%of combined wealth.
- A household needed total wealth of more than £967,000 to belong to the wealthiest 10% of households.
- The South East had the highest percentage of wealthy households.
- Over half of the combined wealth of the top 10%of households was private pension wealth.

While figures for Somerset are not available, the wider South West region had the third highest percentage of 'wealthy' households: 11% of households had net wealth of more than £967,000.

9.3 Income and wages

Various measures of income are available: some represent incomes at the household level and some at the personal level. ONS estimates suggest that household disposable incomes in Somerset are on a par with the national average although personal-level income measures are between 86% and 92% of the England average (Table 9-1).

Table 9-1: Measures of incomes and wages (Residence-based); Somerset and England

	Date	Somerset	England	Somerset as % of England
Household disposable income	2010	£15,725	£15,709	100
Total income of taxpayers (Median)	2009-10	£18,300	£19,800	92
Gross annual pay (Median)	2012	£19,308	£21,794	86
- ***Of full-time workers***	*2012*	*£24,665*	*£26,804*	92

Sources: Household Disposable Income, ONS http://www.ons.gov.uk/ons/dcp171776_270749.pdf; Personal Income, HMRC http://www.hmrc.gov.uk/statistics/income-by-year.htm; Annual Survey of Hours and Earnings, ONS downloaded from NOMIS

Workplace-based estimates for gross annual pay are lower than residence-based estimates. This means the wages paid by Somerset employers are lower than those earned by Somerset residents who work elsewhere. Part-time workers earn less per hour than full-time workers. Part-time workers in Somerset earn closer to workers elsewhere.

[43] http://www.ons.gov.uk/ons/dcp171776_289407.pdf
[44] The median value for household total wealth was £232,000.

Table 9-2: Measures of incomes and wages (Workplace-based); Somerset and England

	Date	Somerset	England	Somerset as % of England
Gross annual pay (Median)	2012	18,310	21,790	84
- ***Of Full-time workers***	*2012*	*23,828*	*26,800*	*89*
Hourly pay – excluding OT (Median)	2012	9.91	11.37	87
- ***Of Full-time workers***	*2012*	*10.79*	*12.90*	*90*
- ***Of Part-time workers***	*2012*	*7.75*	*8.03*	*97*

Source: Annual Survey of Hours and Earnings, ONS downloaded from NOMIS

9.4 Poverty and social exclusion

In 2011, 23% of the UK population were considered to be at risk of poverty or social exclusion according to the official EU definition[45][46]. Reducing the number of people in the EU at risk of poverty or social exclusion on this measure is one of the key targets in the European Commission's Europe 2020 strategy.

9.4.1 Indices of Deprivation 2010

The Indices of Deprivation provide a relative measure of deprivation in small areas across England. The Indices of Deprivation 2010 comprises 10 indices measuring different aspects (or 'domains') of deprivation. These are: income, employment, health, education, crime, access to services and living environment. Each of these domains has its own scores and ranks, although the results for small areas can be ranked according to a composite Index of Multiple Deprivation score. Somerset has five Lower Super Output Areas (LSOAs) that are among the 10% most deprived LSOAs in England[47]. These are (with their national rankings): Bridgwater Sydenham Central (1,431); Taunton Halcon North (1,475); Highbridge Central (2,404); Taunton Halcon West (3,029) and Taunton Lyngford North (3,193).

The 15 most deprived LSOAs in Somerset are listed in

[45] According to this definition, people are considered at risk of poverty or social exclusion if they are experiencing at least one of three conditions – having a household income below the poverty threshold, being severely materially deprived, or living in a household with low work intensity

[46] http://www.ons.gov.uk/ons/rel/household-income/poverty-and-social-exclusion-in-the-uk-and-eu/2005-2011/rpt--poverty-and-social-exclusion.html

[47] https://www.gov.uk/government/publications/english-indices-of-deprivation-2010

Table 9-3 along with their Somerset rank in the Indices of Deprivation 2004 overall score. The table reveals relatively little movement in relative deprivation, with all the LSOAs ranking among the 10 most deprived in the IMD2004 and appearing in the 15 most deprived according to the IMD2010. Furthermore, Bridgwater Sydenham (Central) and Taunton Halcon (North) remained the most deprived in Somerset according to both editions of the index.

Table 9-3: Fifteen most deprived LSOAs in Somerset according to the IMD2010 and their Somerset ranking according to the IMD2004

LSOA code	Location	Somerset rank		Movement indicator
		IMD2010	IMD2004	
E01029106	Bridgwater Sydenham Central	**1**	1	=
E01029293	Taunton Halcon North	**2**	2	=
E01029132	Highbridge Central	**3**	5	↑
E01029292	Taunton Halcon West	**4**	7	↑
E01029297	Taunton Lyngford North	**5**	6	↑
E01029247	Yeovil West (North)	**6**	11	↑
E01029100	Bridgwater Hamp (East)	**7**	4	↓
E01029109	Bridgwater Sydenham (North)	**8**	10	↑
E01029344	Williton	**9**	17	↑
E01029107	Bridgwater Sydenham (South East)	**10**	13	↑
E01029234	Yeovil Central South	**11**	9	↓
E01029239	Yeovil East (South West)	**12**	12	=
E01029105	Bridgwater Quantock (South East)	**13**	30	↑
E01029062	Shepton East (West)	**14**	8	↓
E01029046	Glastonbury St Bendedict's (East)	**15**	3	↓

Source: IM
http://www.northyorks.gov.uk/CHttpHandler.ashx?id=732&p=0

The five least deprived LSOAs in Somerset according to the IMD2010 are:

- South Somerset 018D
- Taunton Deane 011B (Comeytrowe)
- Sedgemoor 011C (Northfield)
- South Somerset 011D (Longcroft)
- Mendip 003A

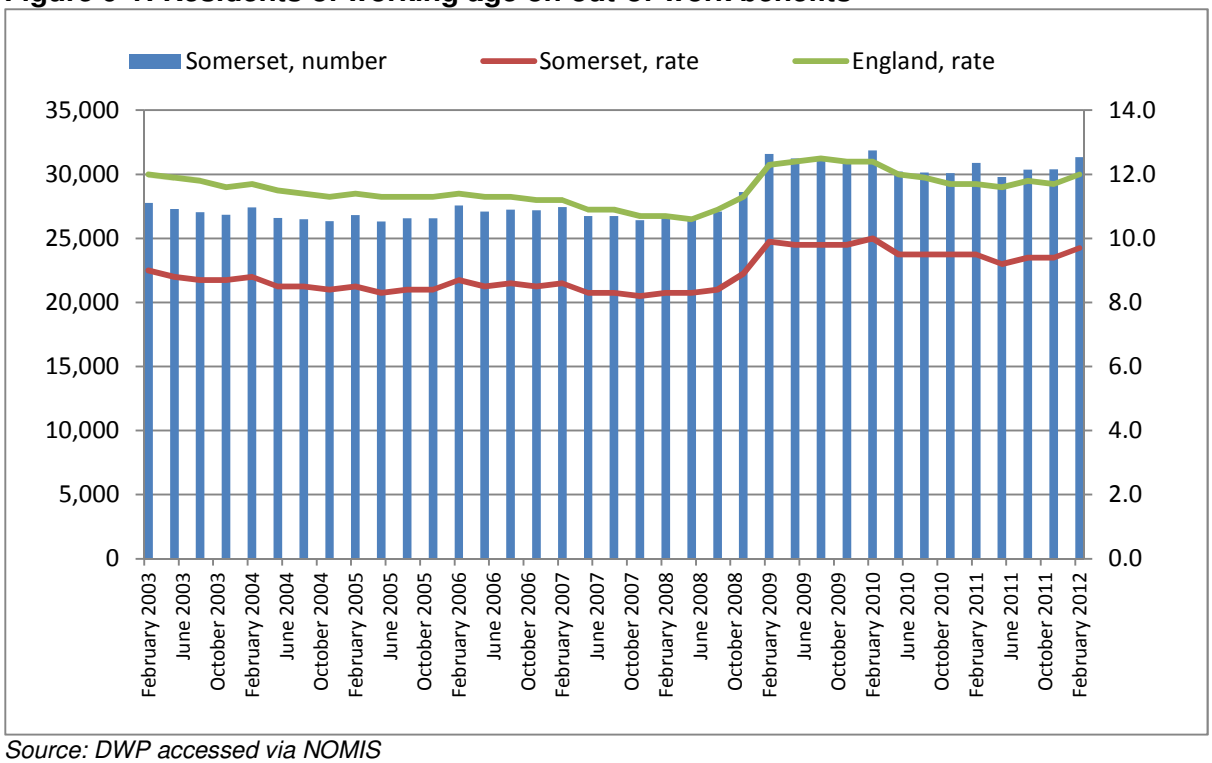
For a more detailed analysis of the Indices of Deprivation, see the Somerset Intelligence Network website at http://www.sine.org.uk/people-neighbourhoods/indices-of-multiple-deprivation/

9.4.2 Out of work benefits

In February 2012, 10% of Somerset residents of working age were claiming out-of-work benefits (

Figure 9-1). This is compared with 12% in England. More than half (60%) of the 31,340 claimants were claiming Employment and Support Allowance (ESA) or incapacity benefits and 26% were job seekers.

Figure 9-1: Residents of working age on out-of-work benefits

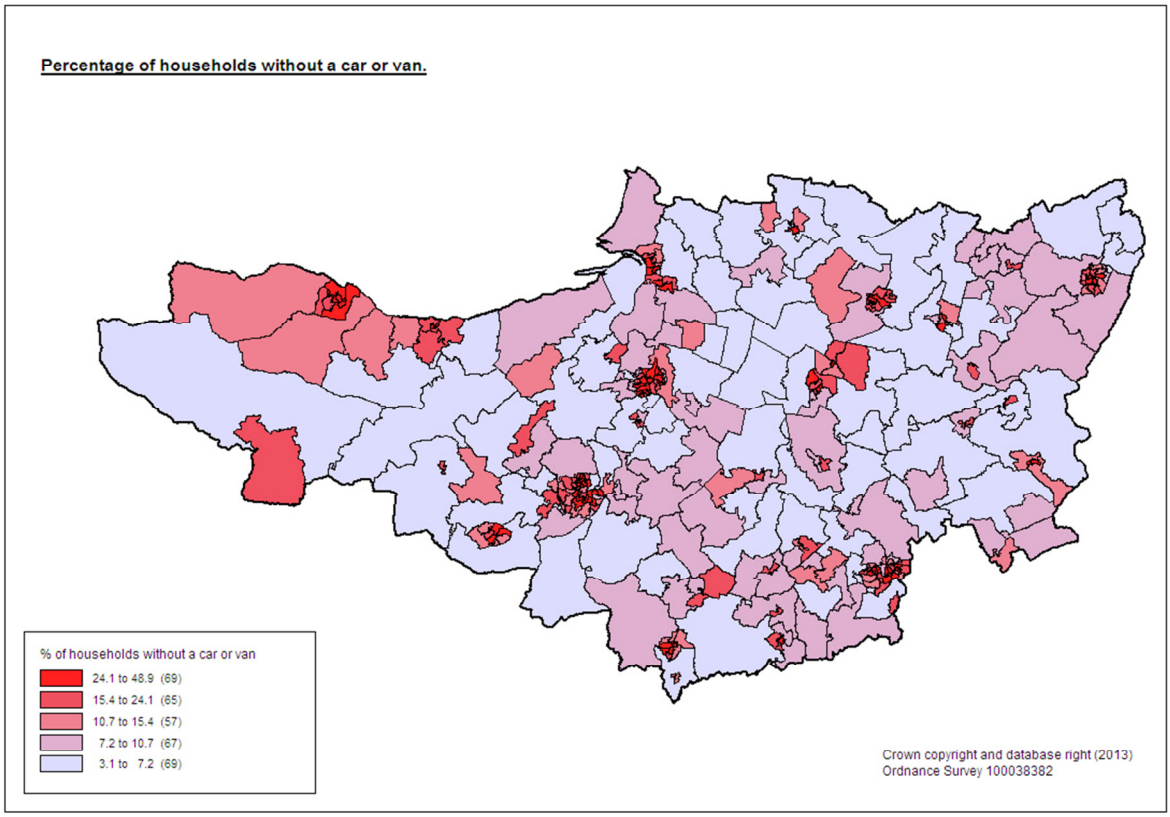


Source: DWP accessed via NOMIS

9.4.3 Access to car or van

The vast majority of households in Somerset (84%) have access to a car or van with two-fifths (41%) having access to two or more vehicles. Across England as a whole, 74% of households have access to at least one car or van and 32% have access to two or more. Figure 9-2 maps the percentage of households with no access to a car or a van by LSOA across Somerset. It shows that most of the areas with relatively poor access to private vehicular transport are in the main settlements where access to public transport is likely to be highest. Of particular note, however, are the relatively high numbers of households in some parts of West Somerset that do not have access to a car or van.

Figure 9-2: Percentage households with no access to car or van, 2011



Source: 2011 Census, ONS

Ward-level analysis reveals that the wards with the highest percentage of households with no access to a car or van are: Bridgwater Westover (38%); Glastonbury St Benedict's (32%); Wells Central (32%); Yeovil Central (32%) and Taunton Halcon (30%).

9.5 Quality of Life

All of Somerset's five districts are part of a cluster of similarly and highly-performing local authorities on the Audit Commission's local Quality of Life indicators[48]. The cluster - made up of 91 districts that are characterised by small towns and scattered villages - had the highest indexed composite Quality of Life score of the five local authority groupings identified by a data mining technique called *k*-means clustering (Campanera & Higgins, 2011). The five groups with their composite scores were (where 0.00, lowest; 1.00 highest):

- Villages across England (0.8 score).
- Districts surrounding London (0.68).
- Peripheral towns (0.59).
- Outer London Boroughs and southern unitary authorities (0.58).
- Northern cities (0.43).
- Inner London boroughs and Midlands/northern metropolitan districts/unitary authorities (0.34).

[48] The dataset comprises 45 core objective and subjective indicators spread across ten quality of life themes. These themes are: people and place; community cohesion and involvement; community safety; culture and leisure; economic well-being; education and lifelong learning; environment; health and social well-being; housing; transport and access.

The study found that the *villages across England* cluster performed particularly well on the health and social well-being indicators but, in identifying room for quality of life improvement ,the authors concluded that "villages across the country should make more use of public transport (assuming it is sustainable) if they are to reduce high private motor car use, which is alien to the collectivist sustainability interpretation of the QOL indicator dataset".

The MJ/Local Futures Inward Investment Guide combines indicators on crime, health, schools and access to the natural environment to generate composite indicator of quality of life for all 325 local authorities. East Devon and Richmond upon Thames are the best performing local authority areas on this measure with York, Warrington and Bournemouth the top performing cities.

9.6 Subjective well-being

In recognition that "traditional economic measures are necessary, but not sufficient, to reflect a nation's overall progress or well-being" (ONS, 2012) ,the ONS has published experimental statistics on people's views about their own well-being. Four questions were included in the constituent surveys of the Integration Household Survey:

- *Overall, how satisfied are you with your life nowadays?*
- *Overall, to what extent do you feel the things you do in your life are worthwhile?*
- *Overall, how happy did you feel yesterday?*
- *Overall, how anxious did you feel yesterday?*

The UK results suggest that women are more likely to report higher levels of subjective well-being than men, and life satisfaction and worthwhile ratings were highest for the young people (aged 16 to 19) and those aged 65 to 79. Having a partner is also related to improved subjective well-being. Groups with lower-than-average levels of subjective well-being included those with a disability or work-limiting illness; the unemployed and those from the Black/African/Caribbean/Black British ethnic group.

The results are also available in aggregate form for higher tier local authorities, although the relatively small sample sizes mean that the differences between the local results and the national average are not statistically significant (Table 9-4). For example, in Somerset, 845 people were interviewed as part of the survey.

Table 9-4: Measures of subjective well-being; Somerset and England, April 2011 to March 2012

	Average (mean) rating	
	Somerset	England
Overall, how satisfied are you with your life nowadays?[1]	7.5	7.4
Overall, to what extent do you feel the things you do in your life are worthwhile?	7.72	7.66
Overall, how happy did you feel yesterday?	7.38	7.28
Overall, how anxious did you feel yesterday?[2]	2.87	3.15

Notes: [1] Where 0 is 'not at all' and 10 is 'completely'. [2] Where 0 is 'not at all anxious' and 10 is 'completely anxious'.

Source: April 2011 to March 2012, Annual Population Survey Subjective Well-being Experimental dataset, ONS *http://www.ons.gov.uk/ons/rel/wellbeing/measuring-subjective-wellbeing-in-the-uk/first-annual-ons-experimental-subjective-well-being-results/rft-geography-reference-tables.xls*

9.7 Education

9.7.1 Key Stage 2

While a great deal of focus is given to achievement at GCSE level, the performance of primary education can set the tone for the rest of a young person's educational life, and then into the labour market.

Children are assessed through national tests in English, maths and science at the end of Key Stage (Year 6 at age 11). Most pupils in Somerset (80%) reach the expected level of ability in maths **and** English (Level 4) at this age. The percentage achieving expected standards at this stage is the same as the national average (

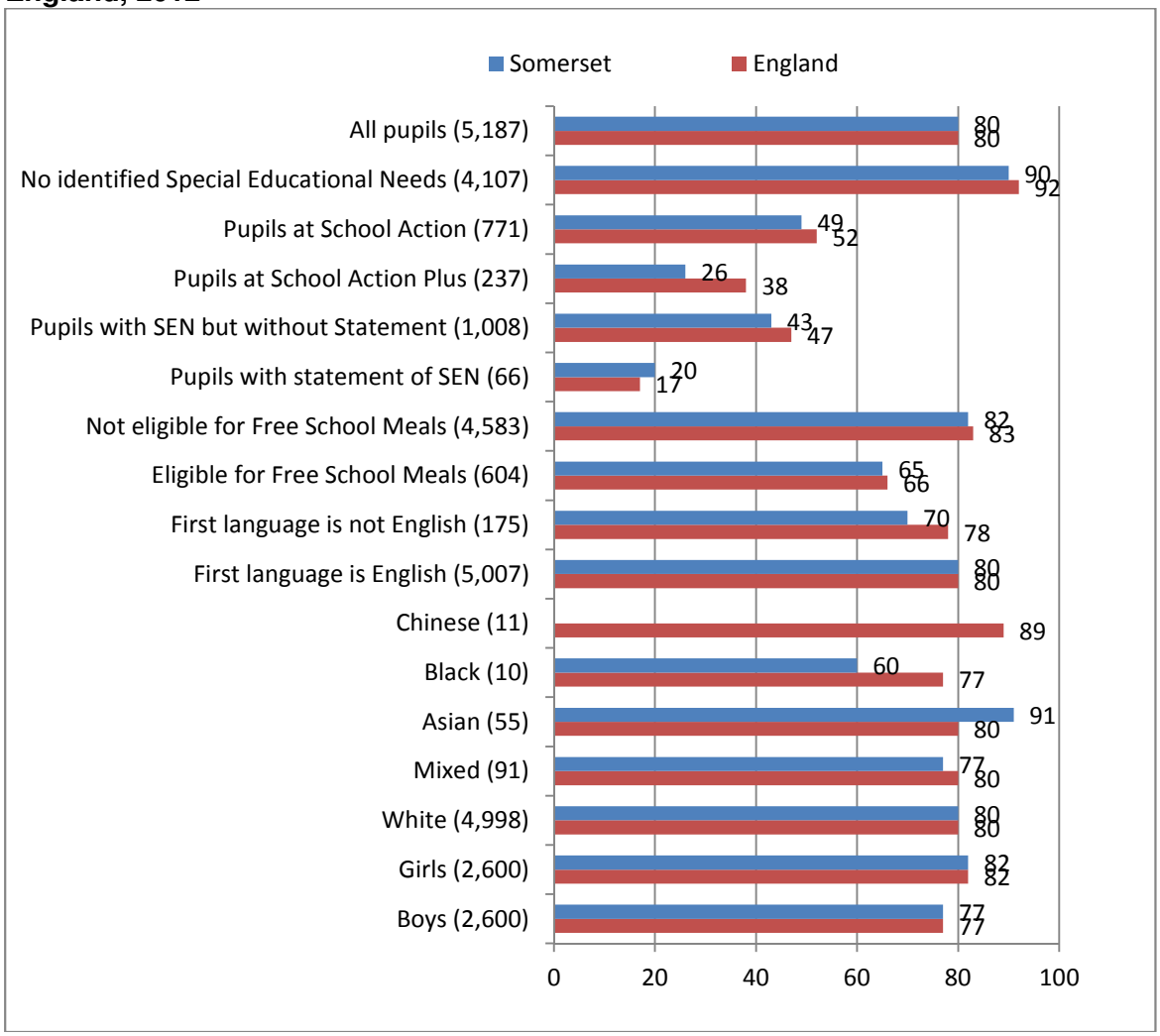
Figure 9-3) but hides considerable variation by pupil characteristics (Figure 9-4) and, consequently, by individual school. For example, the proportion rises to 90% for those pupils who do not have special educational needs (SEN) and falls to 20% for those with a statement of SEN (

Figure 9-3).

A higher proportion of girls (82%) than boys (77%) achieve these standards; and attainment tends to be below average for pupils of black ethnic origin[49] (60%), and higher than average for those of Asian origin (90%). Below average levels of attainment are also recorded among those for whom English is not their first language (70%), are known to be eligible for free school meals (65%), and have special educational needs. Only attainment among Asian pupils and those with statement of SEN are higher than the England average.

[49] The results for some groups, most notably pupils of black or Chinese ethnic origin, are based on a small number of pupils. The results for these groups may vary from year-to-year depending on the make-up of the cohort in terms of their other characteristics, for example, if they have relative high numbers of pupils with SEN or from a low-income families (using eligibility for Free School Meals as a proxy).

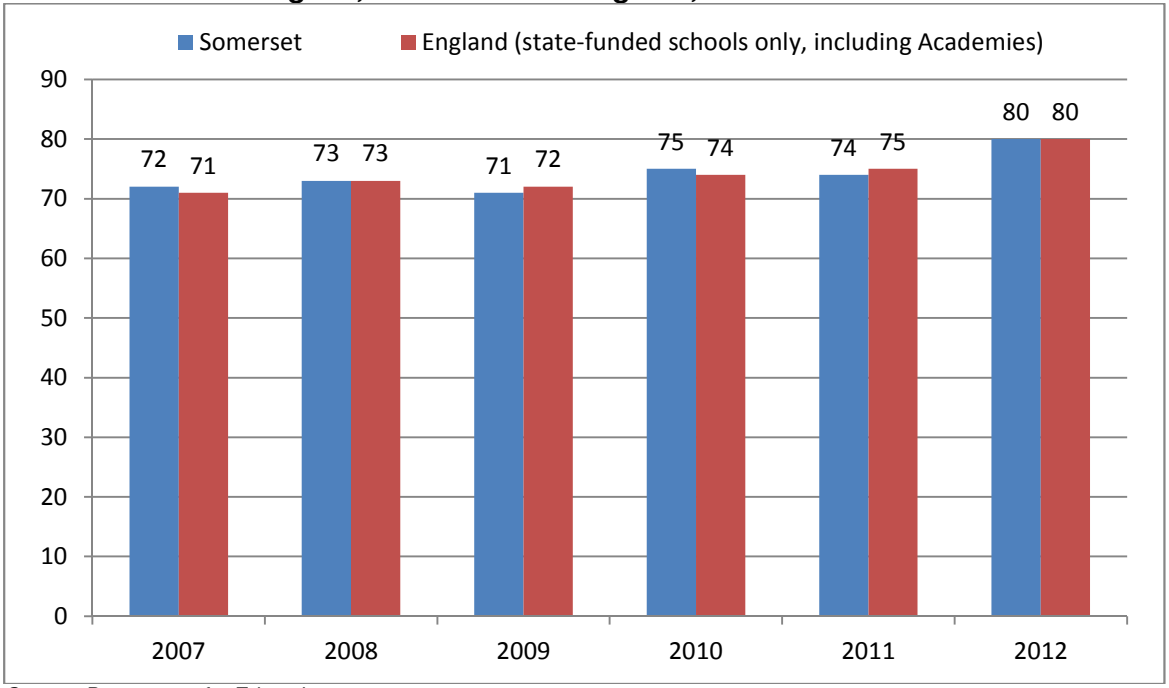
Figure 9-3: Percentage of pupils achieving level 4 or above in both English and Mathematics in Key Stage 2 assessments by pupil characteristics, Somerset and England, 2012



Note: Number of eligible pupils in brackets.
Source: SFR 33/2012, Department for Education
http://www.education.gov.uk/rsgateway/DB/SFR/s001104/sfr33-2012la.xls

Unfortunately, this year's overall results are not directly comparable with earlier years due to a change in how pupils' writing is assessed (Figure 9-4). The written test was discontinued and teachers' assessment of writing skills used to compile the scores instead. A new written test is expected to be introduced in 2013.

Figure 9-4: Percentage of pupils at the end of Key Stage 2 achieving Level 4 in Mathematics and English, Somerset and England, 2007 to 2012



Source: Department for Education

Pupils are expected to make at least two levels of progress between Key Stage 1 and Key Stage 2. The percentage of pupils in state-funded schools in Somerset making the expected progress by subject are as follows:

- English, 89% (not comparable with previous years)
- Mathematics, 87% (up from 82% in 2011).

All primary schools in Somerset achieved results that were higher than the Government's minimum floor standard[50]. A total of 476 schools nationally achieved results below the Government's benchmarks in the core subjects this year, down from 1,310 in 2011.

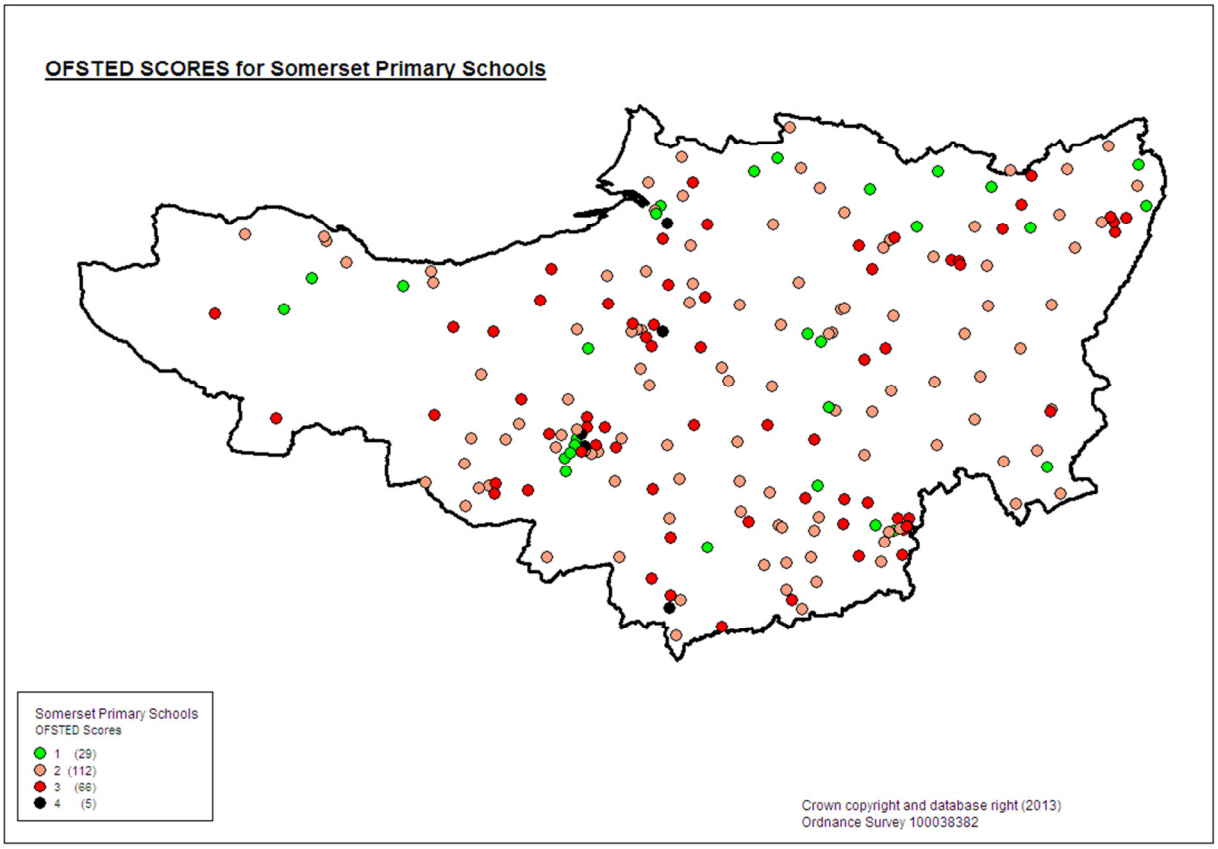
Primary Schools are inspected by the Office for Standards in Education, Children's Services and Skills (Ofsted). The inspections provide an assessment of the effectiveness of the school and a diagnosis of what it should do to improve (Ofsted, 2013). In particular, inspectors report on the quality of education provided in the school and must cover: the achievement of pupils, the quality of teaching; the behaviour and safety of pupils and the quality of leadership in, and management of, the school. Schools are graded on the basis of their inspections on the following scale: Grade 1: Outstanding; Grade 2: Good; Grade 3: Requires improvement and Grade 4: Inadequate.

According to the latest Ofsted inspections (as at 26th February 2013), 14% of Somerset's 212 primary schools were graded 'outstanding', 53% were graded 'good', 31% were graded 'requires improvement'; and 4% were graded 'inadequate'. Mapping the results of the Ofsted inspections (Figure 9-5) and analysing the distributions visually does not reveal any obvious geographical patterns to the distribution of schools according to quality; although more sophisticated analysis will be helpful in exploring this in more detail. Some postcodes, for

[50] A school is below the primary school floor standard if (i) less than 60% of pupils achieve level 4 or above in both England and Mathematics, (ii) less than the median percentage make expected progress in English, and (iii) less than the median percentage make expected progress in Mathematics.

example, in Taunton and the north of the County, appear to be closer to one or more outstanding primary schools than some postcodes in and around Bridgwater and towards the east of the County (although the latter has numerous 'good' primary schools).

Figure 9-5: Latest OFSTED scores for Somerset's primary schools on 26 February 2013

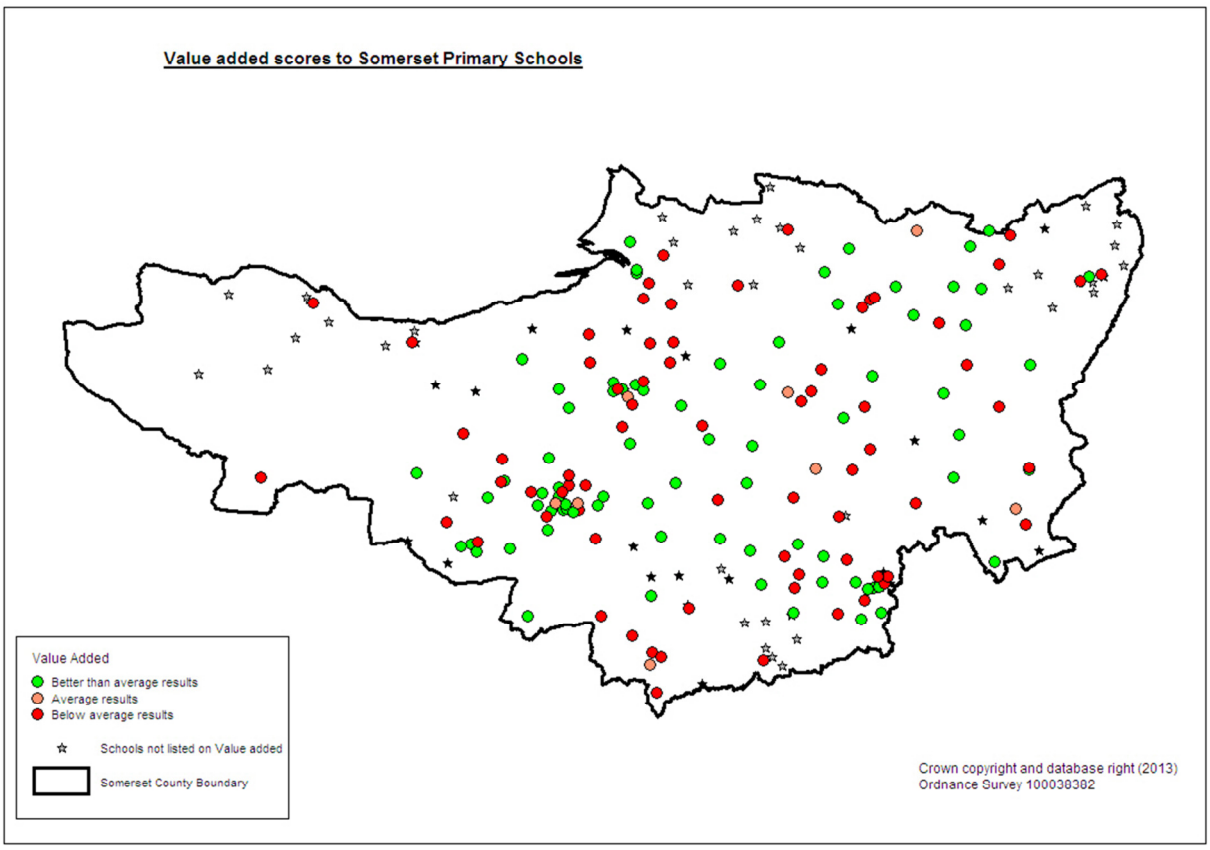


Source: Department for Education

Value added indices offer an additional perspective on the quality of primary education provision. For example, the overall value added measure for progress in both English and Mathematics combined for Key Stage 1-2 assesses the extent to which pupils at a particular school are more (or less) likely than average to make expected progress in these subjects between Key Stage 1 and 2. The value added score identifies schools that are helping their pupils make more progress (score greater than 100) or less progress (score less than 100) than average. Analysis of the scores for 154 primary schools in Somerset[51] shows that value added scores in the County range from 103.2 to 97.8. The distribution of value added scores by school across Somerset is presented in Figure 9-6. These scores, however, are subject to confidence intervals which indicate whether the schools VA score is significantly above or below the national average[52]. The results suggest that the results for most Somerset schools (68%) are not statistically different from the national average and the remainder are equally split between those schools whose value added score are statistically higher than the national average[53] (16%) and those schools whose scores are statistically below the national average[54] (16%).

[51] http://www.education.gov.uk/schools/performance/download_data.html
[52] See http://www.education.gov.uk/schools/performance/primary_12/KS1-2_Value_Added_Guide_2012.pdf
[53] That is, the lower threshold of the confidence interval is over 100.
[54] The higher threshold is below 100.

Figure 9-6: Value Added Scores for English and maths combined for Primary Schools in Somerset (progress between Key Stage 1 and 2)



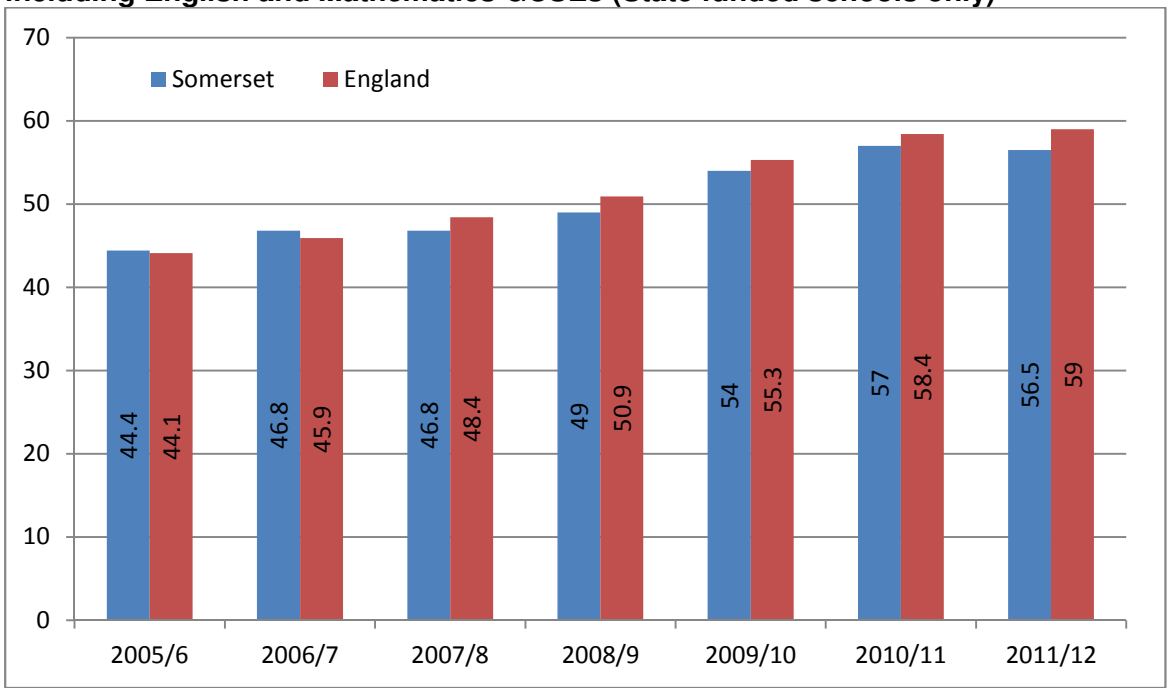
Source: Department for Education http://www.education.gov.uk/schools/performance/download/xls/933_ks2.xls

9.7.2 Key Stage 4 (GCSEs)

56.5% of children in Somerset left school with at least five good GCSE passes including maths and English in 2011/12 (

Figure 9-7). The latest result is half a percentage point lower than the previous year and, as a consequence, the gap in attainment between Somerset and the England (State sector only) average at this level has widened.

Figure 9-7: Percentage of pupils at the end of Key Stage 4 achieving 5+A*-C grades including English and Mathematics GCSEs (State funded schools only)



Source: Revised GCSE and equivalent results in England: academic year 2011 to 2012, SFR 02/2013; Department for Education
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/167608/sfr02_202013at.xls.xls

Patterns in attainment by pupil characteristics mirror those evident at Key Stage 2 with the attainment gap in some cases widening: the gender gap in attainment, for example, is considerably wider at Key Stage 4 than Key Stage 2. The relatively poor performance of some groups in Somerset compared with the national average is worthy of note. For example, not only are pupils in Somerset who are eligible for free school meals considerably less likely than pupils who are not eligible for free school meals to achieve five or more good GCSE passes (including English and maths), but they are also considerably less likely than pupils eligible for free school meals, nationally, to achieve this standard.

All pupil categories in Somerset with the exception of pupils of Asian or Mixed ethnic origin have lower levels of attainment than the national average. Care should be taken however drawing too many conclusions from ethnic data for a single year. The numbers of pupils from ethnic minority groups tends to be relatively low and therefore results higher variable depending to the characteristics of that particular cohort. As nationally, pupils with a statement of SEN are least likely to achieve qualifications at this level.

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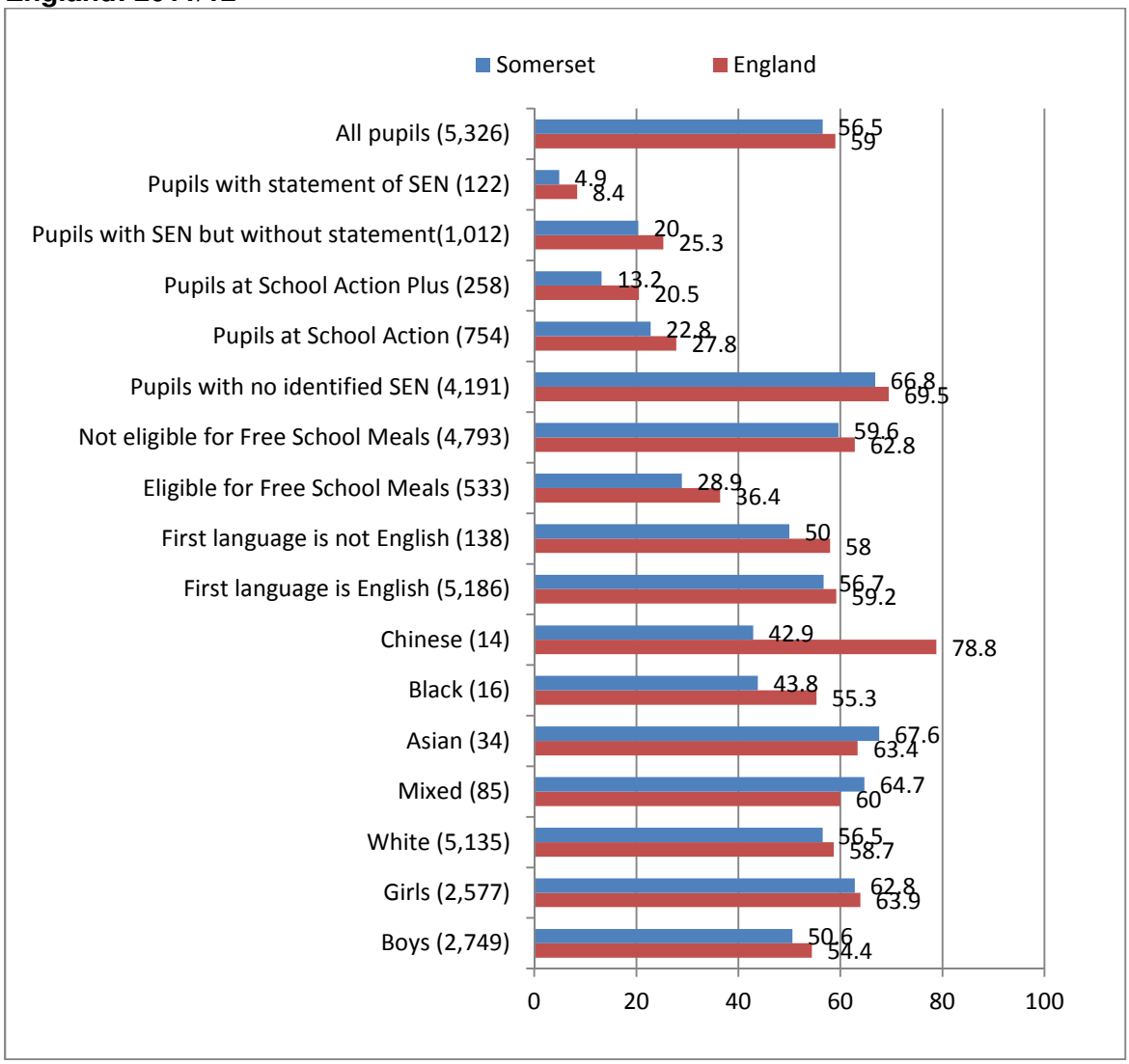
Figure 9-8: Percentage of pupils at the end of Key Stage 4 achieving 5+A*-C grades including English and Mathematics GCSEs by pupil characteristics; Somerset and England: 2011/12



Note: Number of eligible pupils in brackets.
Source: GCSE and equivalent attainment by pupil characteristics in England: 2011 to 2012, SFR 04/2013 Department for Education
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/167602/sfr04-2013ntla.xls.xls

The percentage of pupils in state-funded schools in Somerset making expected progress between Key Stage 2 and Key Stage 4 was:

- English, 65.3% (down from 73.5% on the previous year and lower than the England average of 69.3%)
- Mathematics, 66.9% (up from 62.5% on the previous year but lower than 69.9% for England).

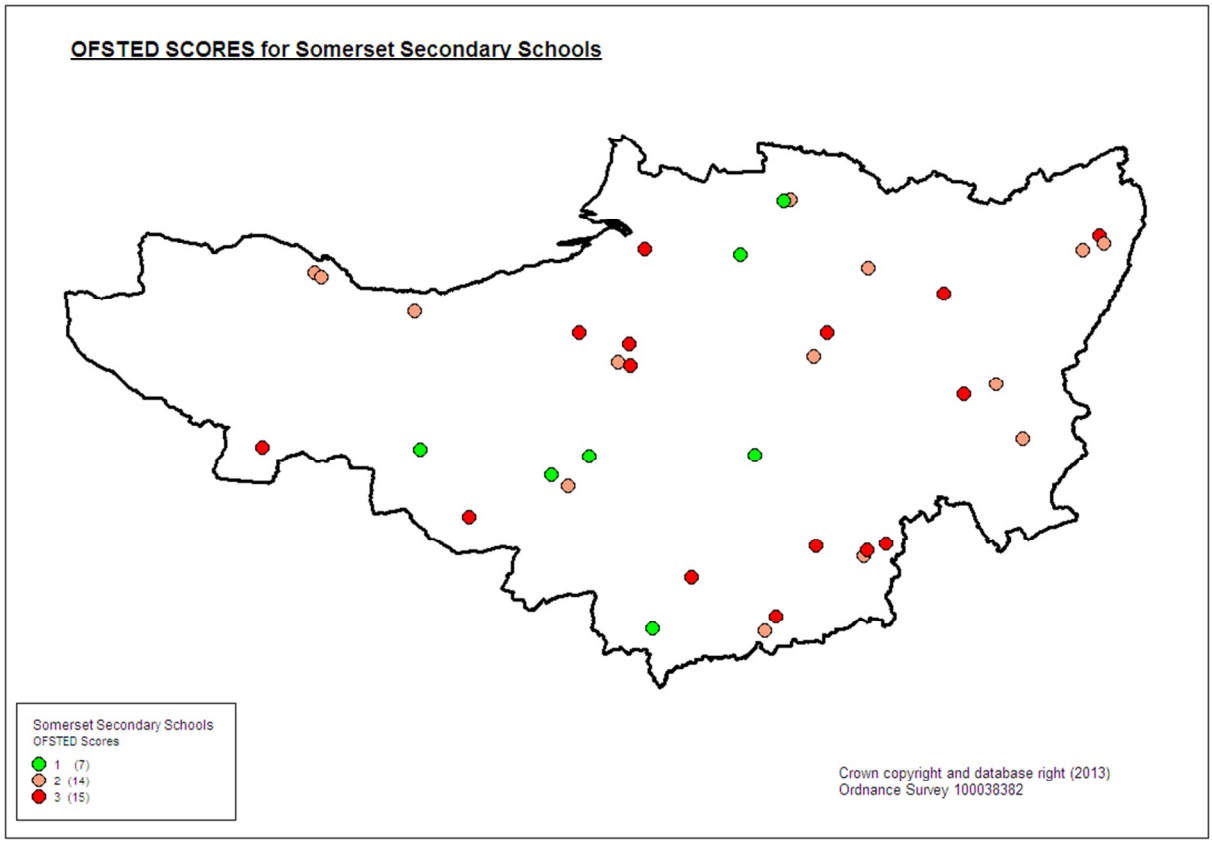
One secondary school in Somerset is below the minimum floor standard[55].

[55] A school is below the floor standard if less than 40% of pupils achieve 5+A*-C including English and mathematics and the expected progress between KS2 and KS4 is less than the median of 70% in English and less than the median of 70% in Mathematics.

One-fifth (20%) of Somerset pupils were entered for the English Baccalaureate in 2011/12 compared with 23% of pupils in state-funded schools in England.

Secondary schools are inspected by Ofsted in order to assess the quality of education provided and identify areas for improvement. According to the latest inspection data available on 26th February 2013, 19% of the County's 36 secondary schools were graded 'outstanding'; 39% were graded 'good' and 42% were graded 'satisfactory'. Some parts of the County do appear to have better access to outstanding secondary schools than others. For example, Taunton has two outstanding secondary schools and Chard and Wedmore to the north of the County each has an outstanding school. By contrast, West Somerset, Mendip and parts of Sedgemoor do not have outstanding secondary schools.

Figure 9-9: OFTED Inspection Scores for Secondary Schools in Somerset



Source: Department for Education

10. AREA COMPETITIVENESS: ATTRACTIVENESS TO BUSINESS

Key findings

Location and infrastructure

- Settlements close to the M5 – in particular Taunton, Bridgwater and Burnham-on-Sea - have relatively quick journey times to Exeter and Bristol, and London is within a three- hour journey of most towns. Indeed, most key settlements in Somerset compare favourably with 'competitor' locations in terms of road journey times to London.

- Average vehicle speeds during the weekday morning peak on local authority managed 'A' roads in Somerset are faster than the England average (31.5 mph compared with 25.3 mph) but are around five mph slower than in some comparator local authority areas, most notably Shropshire, Lincolnshire and North Yorkshire.

- The stock of industrial floor space declined by 2% in Somerset between 2002 and 2012 (compared with 5% in England)[56]. Within the County, the amount of industrial floor space has declined in Mendip (-12%) and Taunton Deane (-11%) but has increased in Sedgemoor (5.5%), South Somerset (3%) and West Somerset (3%).

- At the same time, Somerset had a stock of 427,000 square metres of office premises in 2012, most of which was in Taunton Deane (37%) and South Somerset (25%). Unlike, industrial premises, office floor space increased nationally and overall in Somerset between 2002 and 2012, although provision fell by 10% in West Somerset. Somerset had more than 1.1 million square metres of retail floor space in 2012. Retail floor space increased by a greater percentage in Somerset (8%) than the England (5%) average between 2002 and 2012, with provision increasingly particularly strongly in Mendip (14%).

Broadband

- 15% of Somerset's Broadband connections are getting less than 2 Mbps, a poorer performance than the national average. Take-up of broadband is close to the UK average with 68% of premises taking up fixed broadband (including superfast broadband) compared with 71% of premises nationally. However, only 21 per of premises have access to superfast broadband compared with 65% across the UK. Average sync speeds and data throughput in Somerset are slower than the UK average.

Climate change and carbon usage

- According to the Environment Agency, all of Somerset's larger population centres are at particular risk of flooding. Since the last Somerset Economy report, the low-lying County of Somerset has felt acutely the environmental impact of changing weather patterns. Three major flooding events in 2012 adversely affected businesses and left farmland waterlogged for months.

- In 2010, business energy consumption per employee (expressed in kilowatt hours) for Somerset local authorities shows that Taunton's business energy consumption remained the

[56] North Warwickshire and South Derbyshire topped the league table of local authority areas in terms of growth in factory floor space between 1998 and 2008 (The MJ/Local Futures, 2012). Oxford and Peterborough were the best performing cities in terms of the expansion in factory floor space between 1999 and 2008. Bournemouth was the highest ranked local city on this measure.

lowest at less than 15,000 kwh, followed by Mendip and South Somerset at 15-20,000 kwh. Sedgemoor's consumption was 20-25,000 kwh and West Somerset's 35-40,000 kwh – one of the highest consumption ratings in the UK.

- Overall, Somerset's end user CO^2 emissions per capita in 2010 were well above emissions levels for the South West and England. Of the constituent local authorities, Mendip, South Somerset and Taunton produced less than Somerset's per capita emissions overall. West Somerset produced the highest level of per capita end user CO^2 emissions in the County – the third highest local authority emissions in the South West region - with Sedgemoor producing the second highest level within Somerset.

- The highest proportion of end user emissions used by a sector in Somerset in 2010 was the Industry and Commercial sector, accounting for 34% (of 1,531 kt), followed by Road Transport with 31% (of 1,388 kt). Of the local authorities, South Somerset produced the largest amount of Industry and Commercial emissions in Somerset, at 31% of the sector total for the County.

The Low Carbon Economy

- Climate SouthWest[57] has highlighted the future importance to the region of environmental technologies and the marine industry. A recent report[58] ,looking at the potential for future industry sector development in Somerset, noted that both the Hinkley Point nuclear power station (which has now been granted planning permission) and the emerging renewables sector presented excellent opportunities for future economic growth. However, it noted that market demand for renewable technologies was weak, and the technologies were relatively immature to attract the type of public-private partnership investment that would stimulate their development. The major planned infrastructure projects such as the Atlantic Array could provide significant stimuli for local enterprises in the supply chain, with research into the Hinkley Point supply chain offering lessons for how local businesses could be better linked into renewables developments in future.

[57] op.cit.
[58] Sectors research: draft final report to Somerset County Council. SERIO/Red Group/ECORYS, December 2012.

10.1. Introduction

This chapter presents information about Somerset's attractiveness as a business location. It covers:

- Area competitiveness indices.
- The availability of business sites.
- Housing and transport.
- Low Carbon economy issues.

10.2. Area competitiveness indices

A small number of research organisations and commercial agencies have developed composite measures of local competiveness (or attractiveness to business) which are used to rank local authorities across the UK. The Huggins Competiveness Index, produced by the Centre for International Competiveness at Cardiff Metropolitan University, has not been updated since 2010 but this puts Taunton Deane as the highest ranking local authority area in Somerset for competitiveness, placing it 140th out of 379 areas nationally (CMU, 2010). The remaining Somerset districts are ranked as follows: South Somerset (178th); Mendip (202nd); Sedgemoor (254th); and West Somerset (218th).

Experian produces a Resilience Index[59] which combines 39 variables into a single headline resilience index and four themed indices for business, community, people and place for local authority areas in the UK. The LEP Network reviewed these indices at the LEP level in 2012 (The LEP Network, 2012). The results placed the Heart of the South West 'mid-table' for business (23rd out of 39 LEP areas) and headline (21st out of 39 LEP areas) resilience. According to the index, the LEP areas of Thames Valley Berkshire, Enterprise M3 and Buckinghamshire have the highest levels of business and headline resilience.

More recently, The MJ and Local Futures Group have published An Inward Investment Guide to England which brings together 15 composite measures for each of the 325 local authority areas. According to the guide's Business Location Index, Milton Keynes and South Cambridgeshire are the most attractive local authority areas to business overall [60]. While it was not possible to access the specific scores for Somerset[61], a summary map ranking all local authority areas in the UK, published in the MJ Journal, suggests that Taunton Deane and South Somerset are Somerset's most attractive local authority areas to business, with these districts ranking among the third quintile (ranking between 131th and 195th nationally). Mendip ranks in the fourth quintile (i.e. ranking between 196th and 260th) and Sedgemoor and West Somerset in the fifth quintile (i.e. ranking between 261st and 325th). Focusing specifically on environment and infrastructure[62], the Inward Investment Guide ranks North Tyneside and Stockton-on-Tees as the most attractive local authority areas to business. South Somerset performs well on this measure, ranking in the first quintile (i.e. ranking between 1st and 65th) and Sedgemoor ranks within the second quintile (i.e. ranking between 66th and 130th). Taunton Deane (fourth quintile) and West Somerset and Mendip (fifth quintile) perform less well in terms of the environment and infrastructure.

[59] http://publicsector.experian.co.uk/Products/Local%20Economic%20Resilience.aspx
[60] Based on scores for economic performance, human resources and environment and infrastructure.
[61] Only MJ subscribers can access the full data at www.themj.co.uk/mjfutures
[62] Incorporates indicators of connectivity, cost base, quality of life, commercial floorspace and growth in commercial and industrial floorspace.

10.3. Business sites

10.3.1. Industrial premises

Into Somerset, the County's inward investment organisation, lists Somerset's main industrial, trading and business parks as:

- Express Park, Huntworth Business Park, Bristol Road and Colley Lane Industrial Estate, **Bridgwater;**
- Isleport Business Park, **Highbridge;**
- Bindon Road, Galmington, Crowne Industrial Estate and Priorswood Trading Estate in **Taunton;**
- Chelston Business Park, West Park 26 and Ryelands in **Wellington**[63];
- Lufton Business Park, Lynx Trading Estate, Pen Mill Trading Estate, Seafire Business Park in **Yeovil;**
- Chard Business Park, **Chard;**
- Commerce Park and Marston Trading Estate, **Frome;** Cathedral Park , **Wells;**
- Street Business Park, **Street;** and Moorlands Enterprise Park, **Glastonbury,** and
- Mart Road Enterprise Park and Vennland Centre, Minehead; Roughmoor Trading Estate and Long Street Trading Estate, **Williton**; and the Barle Centre, Nr **Dulverton.**

According to experimental statistics produced by the Valuation Agency, Somerset had almost 3.3 million square metres of industrial floor space in 2012 (Table 10-1)[64]. Most of this is located in Sedgemoor (31%) and South Somerset (30%) ,although Mendip has a similar amount of industrial floor space to South Somerset when expressed on a per capita basis. Sedgemoor, however, has the most industrial floor space per resident at almost 9 m^2, compared with 6m^2 in Sedgemoor and Mendip.

Table 10-1: Industrial floor space in Somerset's local authority district area, Somerset and England, 2012

	Total Floor space (m^2)	Floor space per capita (m^2capita)	Change in total floor space 2002-2012
Mendip	688,000	6.3	-11.9
Sedgemoor	1,021,000	8.9	5.5
South Somerset	988,000	6.1	2.8
Taunton Deane	471,000	4.3	-11.1
West Somerset	110,000	3.2	2.8
Somerset	**3,278,000**	**6.2**	**-2.1**
England	304,853,000	5.7	-5.0

Source: Valuation Office Agency
http://www.voa.gov.uk/corporate/_downloads/xls/120517Table1.2.xls

The stock of industrial floor space has declined, overall, in England by 5% and by 2% in Somerset between 2002 and 2012[65]. Within the County, the amount of industrial floor space

[64] The MJ/Local Futures (2012) examination of slightly older Valuation Agency (2008) data found that Birmingham, Leeds and Westminster City had the largest stocks of commercial and industrial floor space with Bristol coming 6th in the rank of cities in terms of total floor space.
[65] North Warwickshire and South Derbyshire topped the league table of local authority areas in terms of growth in factory floor space between 1998 and 2008 (The MJ/Local Futures, 2012). Oxford and Peterborough were the best performing cities in terms of the expansion in factory floor space between 1999 and 2008. Bournemouth was the highest ranked local city on this measure.

has declined in Mendip (-12%) and Taunton Deane (-11%) ,but has increased in Sedgemoor (5.5%), South Somerset (3%) and West Somerset (3%).

The rightmove website[66] contained details of 30 industrial premises for sale in Somerset on 11 March 2013. The largest industrial premises being marketed on the site at that time was over 1,900 $m^2$and was located in Wellington. 49 premises were available for rent, with the largest, in Ilminster, over 1,100 m^2.

While the process underpinning this refresh of the State of the Somerset Economy report did not incorporate formal consultation with local Economic Development Officers or Planners, or the review of planning documents, land and property registers or associated research, the Local Authority District Officers were invited to offer a perspective on the commercial land and property market by email. Responses suggest that:

- In Mendip, sites with small industrial units on the edge of town are important and are quickly filled if they become vacant, especially in Wells. Results from Mendip Business Survey suggest that: most businesses prefer freehold to leasehold; the biggest demand is for small space up to 93 m^2 and for space between 465 and 929 m^2.
- Within Taunton Deane, "occupancy levels are consistently high and businesses are often frustrated by the shortage of suitable available employment units, and freehold land within those employment area, for development. No specific calculation has been done recently of occupancy levels."
- In West Somerset, occupancy is generally good with anecdotal evidence suggesting that 'easy in - easy out' standard lock-up units are in particular demand.

10.3.2. Office premises

Somerset had a stock of 427,000 m^2 of office premises in 2012 according to Valuation Office Agency statistics (Table 10-2). Most of this provision was in Taunton Deane (37%) and South Somerset (25%). Taunton Deane also had the most provision on a per capita basis, although even here the level of floor space per capita was (slightly) lower than the England average. Unlike industrial premises, office floor space increased nationally and overall in Somerset between 2002 and 2012, although provision fell by 10% in West Somerset. The amount of office floor space in Sedgemoor increased by 27% over the 10 year period although provision in this district remains low on a per capita basis.

Table 10-2: Commercial office floor space in Somerset's local authority district area, Somerset and England: 2012.

	Total Floor space (m^2)	Floor space per capita (m^2capita)	Change in total floor space 2002-2012
Mendip	87,000	0.8	6.1
Sedgemoor	66,000	0.6	26.9
South Somerset	108,000	0.7	14.9
Taunton Deane	157,000	1.4	13.8
West Somerset	9,000	0.3	-10.0
Somerset	427,000	0.8	13.9
England	89,250,000	1.7	10.6

Source: Valuation Office Agency
http://www.voa.gov.uk/corporate/_downloads/xls/120517Table1.2.xls

[66] http://www.rightmove.co.uk/

The rightmove website contained details of 22 offices for sale on 11 March 2013, with the largest in Somerset, offering 432 m^2, located in Langport. 65 offices for rent were being marketed on the website in Somerset. The largest, in Taunton, was over 470 m^2.

10.3.3. Retail premises

While the high-street remains an important focus for retail premises, Somerset has several out-of-town retail parks. In Taunton Deane, the main locations are at Hankridge Retail Park and Priory Fields.

Somerset had more than 1.1 million m^2 of retail floor space in 2012 (Table 10-3). While large shares of retail floor space are located in South Somerset (29%) and Taunton Deane (27%), provision is more equally distributed across districts than for the other premises types. Taunton Deane has most provision on a per capita basis. Retail floor space increased by a greater percentage in Somerset (8%) than the England (5%) average between 2002 and 2012 with provision increasingly particularly strongly in Mendip (14%).

Table 10-3: Retail floor space in Somerset's local authority district area, Somerset and England, 2012

	Total Floor space (m^2)	Floor space per capita (m^2capita)	Change in total floor space 2002-2012, %
Mendip	227,000	2.1	14.1
Sedgemoor	200,000	1.7	4.7
South Somerset	320,000	2.0	8.1
Taunton Deane	303,000	2.7	6.3
West Somerset	66,000	1.9	1.5
Somerset	1,115,000	2.1	7.6
England	111,198,000	2.1	4.8

Source: Valuation Office Agency
http://www.voa.gov.uk/corporate/_downloads/xls/120517Table1.2.xls

The rightmove website contained details of 24 retail premises for sale and 22 for let in Somerset on 11 March 2013. The largest retail unit for sale was in Norton Fitzwarren providing over 470 m^2 of floor space. The largest unit for rent was in Yeovil, providing over 1,100 m^2.

10.3.4. Development sites

The Into Somerset website identifies the following commercial development sites in Somerset:

- Taunton Deane – Firepool and Blackbrook Business Park, in Taunton; and Chelston Business Park, Wellington;
- Sedgemoor – Express Park and J24 Rural Business Centre, in Bridgwater; ex-BAE Site, Puriton;
- Mendip – Commerce Park, Frome; Moorlands Enterprise Park, Glastonbury; Gate Lane, Wells;
- South Somerset – Lufton and Bunford, both in Yeovil;
- West Somerset - Roughmoor, Williton; Minehead and Dulverton.

Moorland was described as the County's "most significant brownfield site" in the Somerset Economic Assessment 2001 (Prism Research Ltd, 2001). The former tannery that comprised the majority of this site was acquired by the South West Regional Development Agency "who funded remediation measures and secured outline planning permission for fourteen plots, of which Genesis 1 and 2 were built and let; in addition, Avalon Plastics relocated from within the district to a new build on the site. The Mendip Employment Land and Premises Study 2012 (Mendip, 2012) describes the site thus:

> *Following the demise of the RDA in 2011, the site was sold off to a developer (Cubex) and a small portion given to The Red Brick Building Ltd project. Commercial appeal is strong and a*

new hotel is being constructed on the site. Significant investment is still required to complete the remaining development phases. Potentially the site could be expanded to the North West. Local access is excellent. Competition from M5 corridor developments could have an impact on how this site further progresses.

10.4. Cost base

10.4.1. Commercial premises

Somerset is a relatively low-cost business location with rateable values for retail, office and industrial floor space well below the England average (Table 10-4). The cost of office floor space is particularly low, even in Taunton Deane where the mean rateable value per square metre is less than three-fifths (58%) of the England average. The cost of retail and industrial floor space in Taunton, however, is closer to the England average, at 91% and 95% of the England averages, respectively. West Somerset has the lowest rateable values for each premises type.

Table 10-4: Rateable Value per metre2 £/m2in Somerset's local authority district area, Somerset and England: 2012

	Retail	Offices	Industrial
Mendip	135	66	31
Sedgemoor	109	79	36
South Somerset	112	82	32
Taunton Deane	137	90	35
West Somerset	94	58	25
Somerset	**122**	**80**	**33**
England	150	155	37

Source: Valuation Office Agency
http://www.voa.gov.uk/corporate/_downloads/xls/120517Table1.2.xls

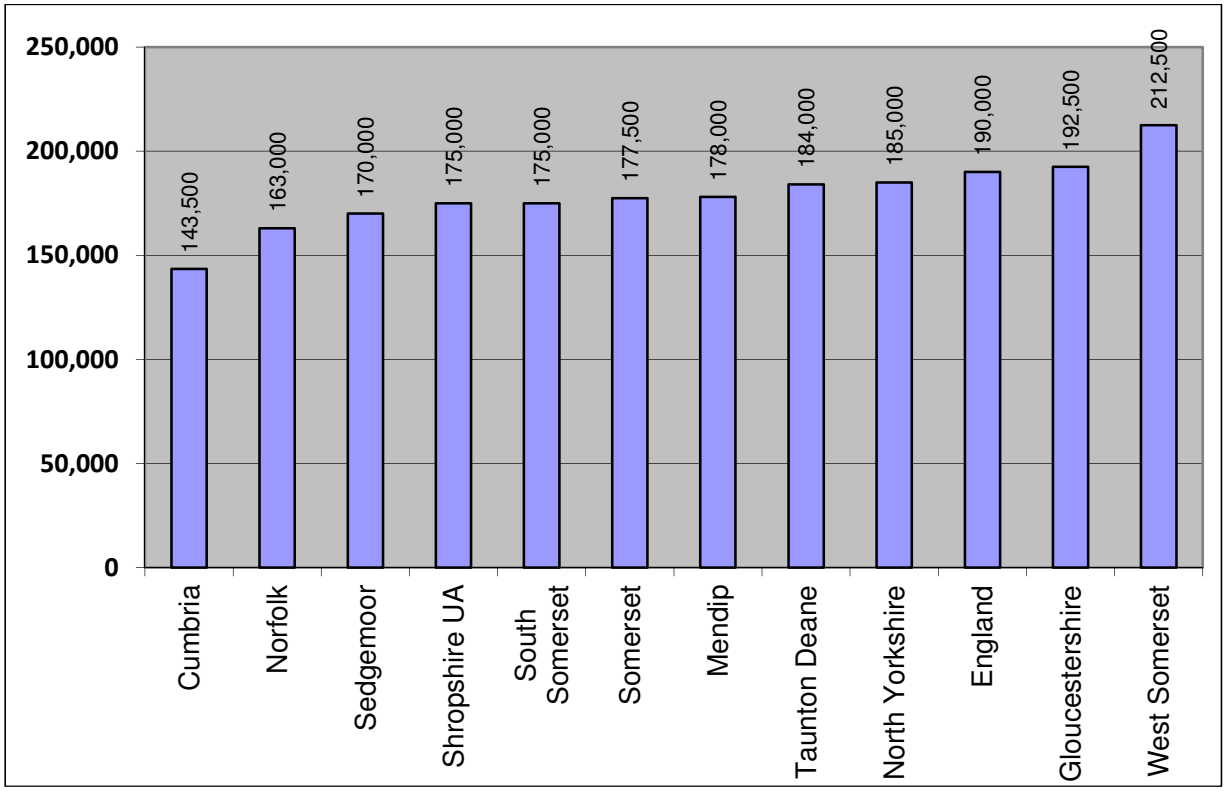
The MJ/Local Futures (2012) report identifies Pendle and Knowsley as the lowest cost local authority areas, and Hull and Stoke-on-Trent ,the lowest cost cities for business.

10.4.2. House prices

The median house price in Somerset during the third quarter of 2012 was £177,500 (

Figure 10-1). This was 7% lower than the median house price in England. The average house price in Somerset is similar to Shropshire (£175,000) but higher than in Norfolk (£163,000) and Cumbria (£143,500). Prices are lower than in North Yorkshire (£185,000) and Gloucestershire (£192,500). Within Somerset, the median house price is highest in West Somerset (£212,500) and lowest in Sedgemoor (£170,000).

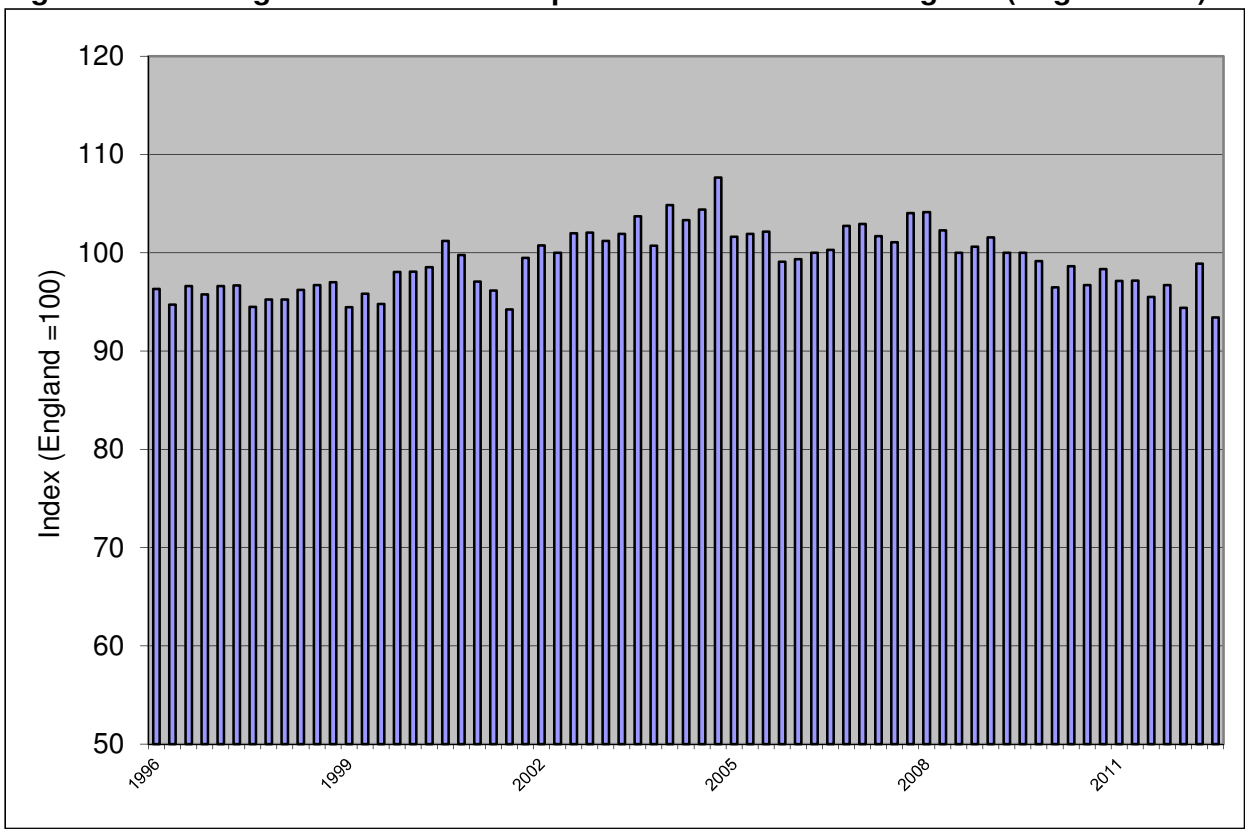
Figure 10-1: Median1 house prices in Somerset's local authority areas, Somerset, selected comparator areas and England: Third Quarter, 2012



Note: [1]The "median" property price is determined by ranking all property prices in ascending order.
Source: HM Land Registry
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/49810/582.xls

Figure 10-2 shows that the median house price in Somerset has fallen relative to the England average since 2005, following a sustained period where house prices increased relative to the national average. House prices in Somerset exceeded the national average in most quarters between 2002 and 2008.

Figure 10-2: Changes in median house prices in Somerset and England (England=100)

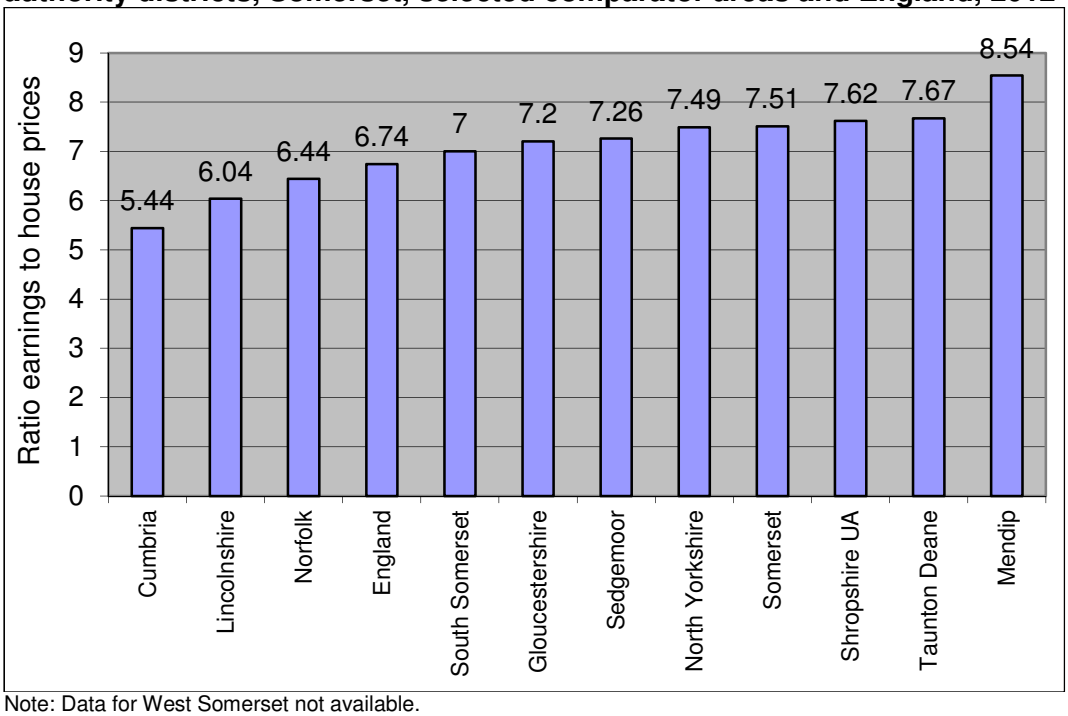


Source: HM Land Registry
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/49810/582.xls

Provisional data for 2012 suggests that housing in Somerset is more expensive relative to earnings than the England average, with the median house price exceeding median earnings by 7.5 times (

Figure 10-3). Housing is less affordable in Somerset than in most of the selected comparator local authority areas – only Shropshire has less affordable housing. Within Somerset, houses are least affordable in Mendip and most affordable in South Somerset (but even in South Somerset, homes are marginally less affordable than the England average).

Figure 10-3: Ratio of median house price to median earnings in Somerset's local authority districts, Somerset, selected comparator areas and England, 2012



Note: Data for West Somerset not available.
Sources: Annual Survey of Hours and Earnings (ONS) and HM Land Registry
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85872/table577.xls

10.5 Transport

Connectivity to other economic centres is a key consideration for inward investors, and proximity to London (and other conurbations) in terms of time and distance has been shown to have a positive impact on productivity (Boddy, 2005). MJ/Local Futures Inward Investment Guide (2012) rates the London boroughs as the most connected – and hence attractive – local authority areas in England, with Reading and Portsmouth featuring among the top areas outside London.

10.5.1. Road journey times

Journey times to key destinations from settlements within Somerset and its comparator local authority areas are presented in Table 10-5. It shows that settlements close to the M5 – in particular Taunton, Bridgwater and Burnham-on-Sea - have relatively quick journey times to Exeter and Bristol, and London is within a three-hour journey of most towns. Most key settlements in Somerset compared favourably with 'competitor' locations in terms of road journey times to London. For example, Frome has the same journey time to London as Gloucester and is 10 minutes 'closer' to the Capital than Norwich.

Table 10-5: Standard journey times to selected nodes and destinations from selected Somerset and comparator towns, 2013

	Exeter	Bristol	Plymouth	Birmingham	Heathrow Airport T1	London	Manchester	Leeds	Cardiff
Bridgwater	00:50	00:50	01:40	02:10	02:30	03:00	03:35	04:05	01:20
Burnham-on-Sea	01:05	00:45	01:50	02:05	02:30	02:55	03:30	03:55	01:15
Frome	01:40	00:50	02:25	02:15	02:05	02:35	03:45	04:10	01:30
Minehead	01:30	01:45	02:20	03:00	03:24	03:55	04:25	04:55	02:10
Taunton	00:45	01:00	01:35	02:50	02:40	03:10	03:45	04:10	01:30
Yeovil	01:10	01:10	01:55	02:50	02:30	02:55	04:15	04:40	02:00
Gloucester	01:55	00:45	02:40	01:10	02:00	02:35	02:35	03:05	01:15
Shrewsbury	03:30	02:15	04:15	01:05	03:00	03:15	01:45	02:20	02:30
Carlisle	05:50	04:40	06:35	03:25	05:15	05:30	02:10	02:40	05:10
Lincoln	04:35	03:25	05:20	02:05	03:05	03:10	02:10	01:35	03:55
Norwich	05:40	04:20	06:25	03:15	02:50	02:45	04:25	03:50	05:00
Northallerton	05:30	04:25	06:20	03:00	04:15	04:30	01:50	01:05	04:55

Source: the AA times rounded to nearest five minutes

Interestingly, the journey times recorded above are marginally slower than those reported in the 2001 Somerset Economic Assessment (Prism Research Ltd, 2001). At that time, the standard journey time from Taunton to London was three hours and from Taunton to Bristol was 55 minutes.

Table 10-6 shows standard road journey times between selected settlements in Somerset. It shows that, while Frome is well connected to London which can be reached by road in little more than two-and-a-half hours, journey times to anywhere other than its nearest neighbour, Shepton Mallet, can take 50 minutes or more. Travelling between the northern and southern most towns – Burnham-on-Sea and Chard – takes 45 minutes, and travelling west to east – from Minehead to Frome – takes an hour and 45 minutes. Taunton, unsurprisingly, is the best connected settlement in terms of standard journey times to other locations in Somerset, due to its central location and proximity to the M5 motorway.

Table 10-6: Standard road journey times within Somerset, 2013

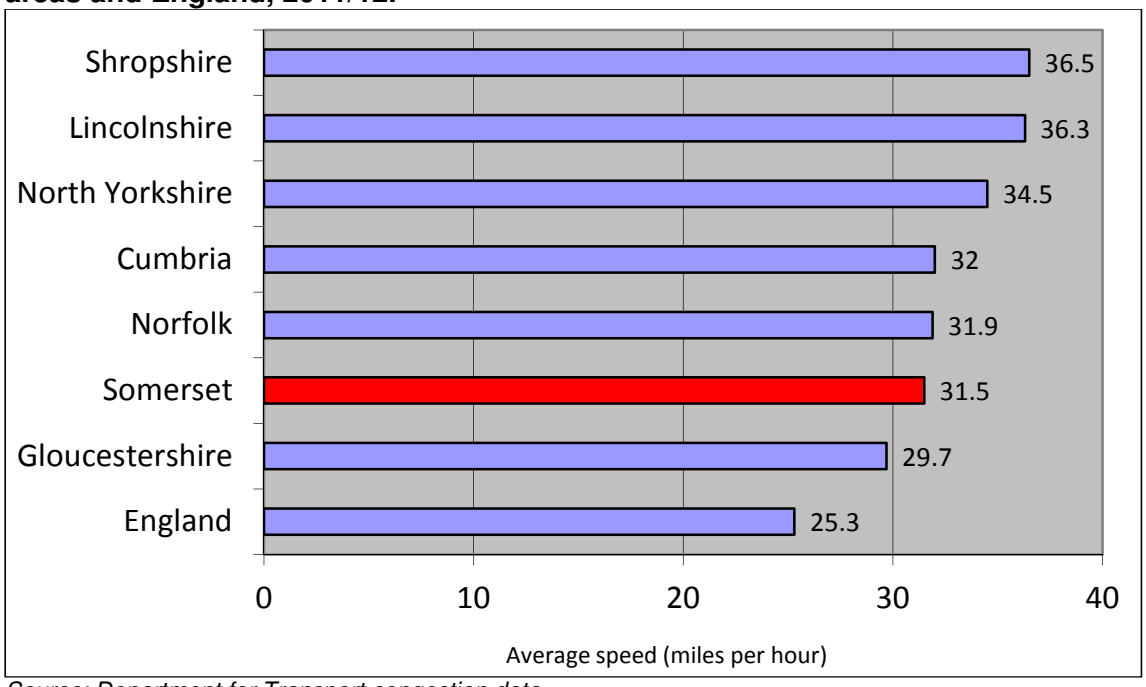
	Bridg-water	Burnham on Sea	Chard	Dulverton	Frome	Minehead	Shepton Mallet	Taunton	Wiveliscombe	Yeovil
Bridgwater		00:20	00:35	01:05	00:55	00:50	00:40	00:20	00:45	00:50
Burnham on Sea	00:20		00:45	01:15	01:00	01:10	00:45	00:30	00:55	01:00
Chard	00:35	00:45		01:10	01:05	01:15	00:50	00:25	00:55	00:35
Dulverton	01:05	01:15	01:10		01:50	00:40	01:35	00:55	00:40	01:25
Frome	00:55	01:00	01:05	01:50		01:45	00:20	01:05	01:35	00:50
Minehead	00:50	01:10	01:15	00:40	01:45		01:30	00:45	00:40	01:25
Shepton Mallet	00:40	00:45	00:50	01:35	00:20	01:30		00:50	01:15	00:30
Taunton	00:20	00:30	00:25	00:55	01:05	00:45	00:50		00:25	00:40
Wiveliscombe	00:45	00:55	00:55	00:40	01:35	00:40	01:15	00:25		01:05
Yeovil	00:50	01:00	00:35	01:25	00:50	01:25	00:30	00:40	01:05	

Source: The AA, times rounded to nearest five minutes

10.5.2. Congestion

Average vehicle speeds during the weekday morning peak on local authority managed 'A' roads in Somerset are faster than the England average (31.5 mph compared with 25.3 mph) but are around five mph. slower than in some comparator local authority areas, most notably, Shropshire, Lincolnshire and North Yorkshire. Average speeds are, however ,significantly faster than the most congested local authority areas in England and the South West: average vehicle speeds are slowest nationally in Camden and the City of London (9.4 mph) and within the South West, are slowest in the City of Bristol (15.7 mph).

Figure 10-4: Average vehicle speeds (flow-weighted) during the weekday morning peak on local authority managed 'A' roads for Somerset, selected comparator local authority areas and England, 2011/12.

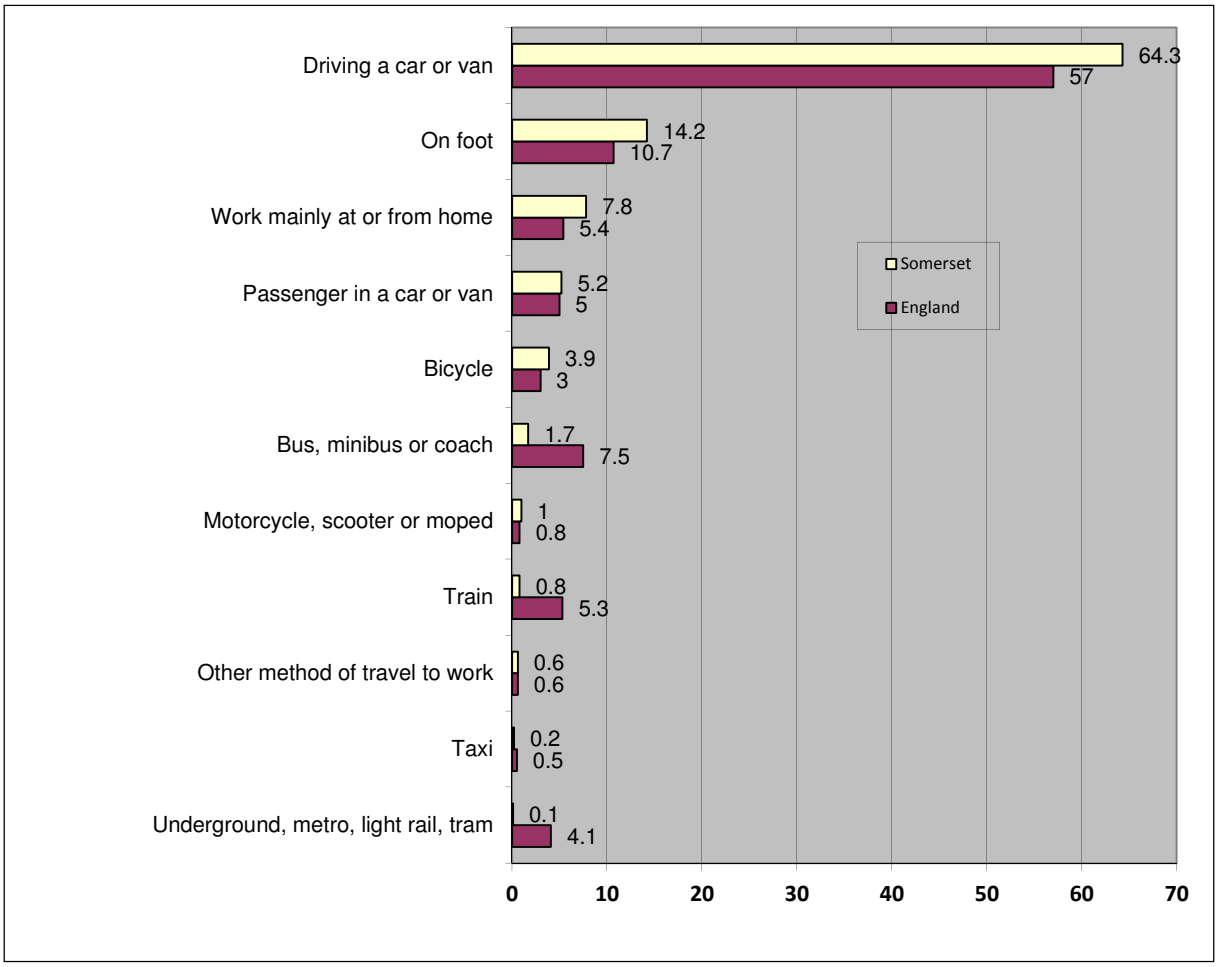


Source: Department for Transport congestion data
http://assets.dft.gov.uk/statistics/releases/congestion-on-local-authority-managed-a-roads-jan-to-mar-2012/may-2012-congestion-local-a-statistical-release.pdf

10.5.3. Mode of travel to work

Almost two-thirds (64%) of Somerset residents in employment (aged 16 to 74) drive to work in a car or van (Figure 10-5). A further 5% travel by car or van as a passenger. In total, 71% travel to work by 'private transport[67]' compared with the national average of 63%. Somerset residents are more likely than the national average to walk to work or to work mainly at or from home, and are less likely to take public transport.

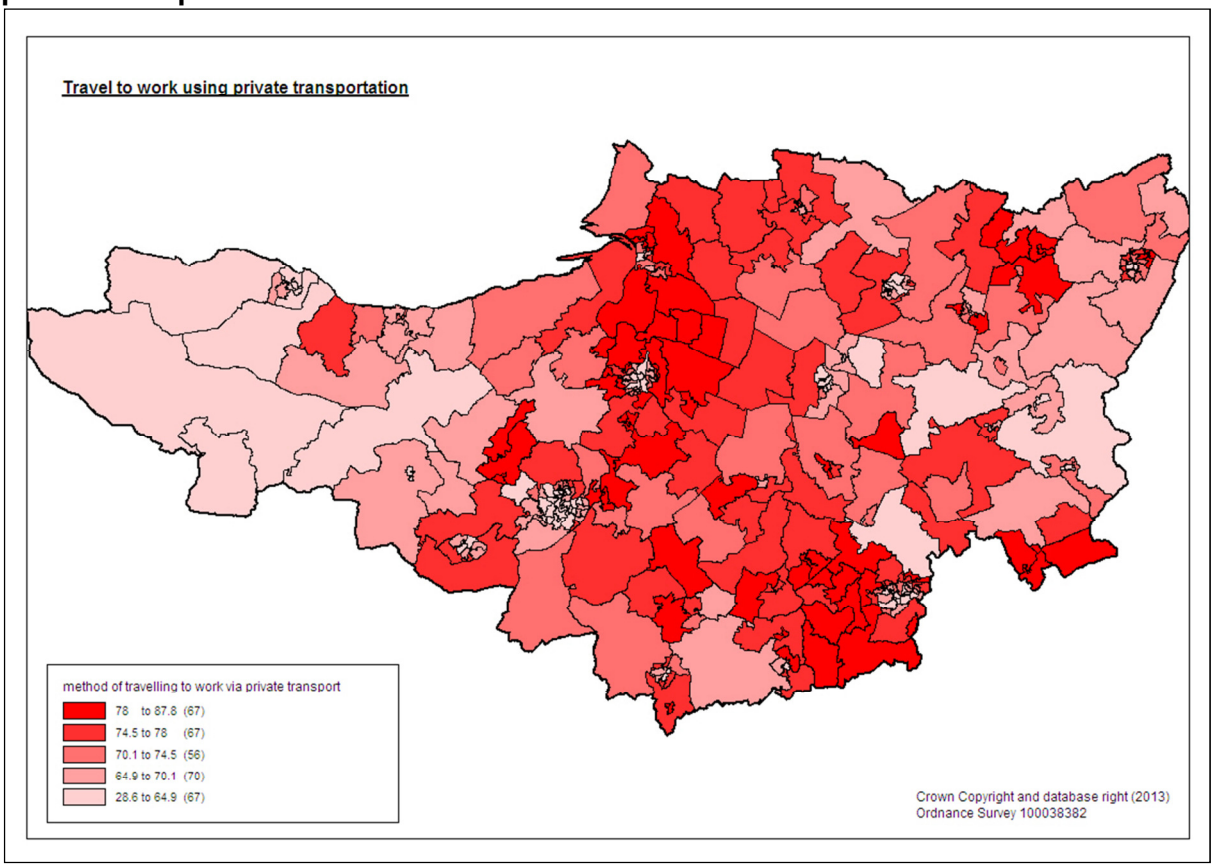
Figure 10-5: Percentage of people in employment aged 16 to 74 travelling to work by private transport in Somerset and England, 2011
Source: 2011 Census, ONS



Within Somerset, use of private transport is lowest in the LSOAs comprising, and immediately surrounding ,the main settlements (Figure 10-6). The wards of Minehead Central (39%), Taunton Manor and Wilton (48%) and Taunton Eastgate (50%) have the lowest use of private transport as the main means of travel to work. By contrast, Puriton and Woolavington (85%), Coleford and Holcombe (83%), Milborne Port (81 %) and King's Isle (81%) have the highest.

[67] This includes: Driving a car or van, passenger in a car or van; motorcycle, scooter or moped; or taxi.

Figure 10-6: Percentage of people in employment aged 16 to 74 travelling to work by private transport



Source: 2011 Census, ONS

A significant minority of people in employment in some parts of Somerset work mainly at or from home. The highest percentages of home-workers live in the following wards:

- Brendon Hills, 32%;
- Greater Exmoor, 31%;
- Porlock and District, 23%;
- Tower, 20%;
- The Pennard and Ditcheat, 20%;
- West Quantock, 20%.

10.5.4. Rail journey times

While the settlements within Somerset are fairly poorly served by a local rail network - fewer than 1% of Somerset residents take the train to work (Figure 10-6) - rail remains an important mode of travel for connecting Somerset to settlements elsewhere in the country. Connectivity to London is particularly important and, on this measure, services from Taunton to London Paddington compare favourably with journeys from the principal settlements in selected comparator local authority areas (

Table 10-7).

Table 10-7: Standard journey times to selected nodes and destinations from selected Somerset and comparator towns

	Exeter St David's	Bristol templemeads	Plymouth	Cardiff Central	Birmingham New Street	London Paddington	London Heathrow Airport (Terminal 1)	Manchester Piccadilly	Leeds
Bridgwater	00:45	00:55	02:10	02:00	02:40	03:05	03:50	04:20	04:50
Burnham on Sea	00:55	00:50	02:15	01:50	02:35	03:00	03:45	04:10	04:40
Frome	01:30	01:00	03:45	02:01	02:40	01:50	02:40	04:15	05:10
Taunton	00:35	00:45	01:30	01:55	02:05	02:50	03:35	04:30	04:10
Yeovil	01:10	01:30	03:05	03:05	04:00	02:20	03:30	05:30	05:35
Gloucester	01:55	00:55	03:05	01:05	01:00	01:55	02:35	03:50	04:010
Shrewsbury	03:45	02:15	05:05	02:10	00:55	03:25	03:40	01:25	03:10
Carlisle	06:00	04:35	06:40	04:35	03:10	03:25	04:35	01:55	02:45
Lincoln	05:55	04:40	06:15	04:25	03:00	02:00	03:15	04:00	02:50
Norwich	05:20	04:40	06:40	05:15	03:50	01:55	03:10	05:05	03:25
Northallerton	05:55 7	04:40	06:40	05:15	03:00	02:35	03:50	01:55	01:00

Source: National rail, times rounded to the nearest five minutes, fastest Monday morning (8am-ish).

Comparison with similar analysis conducted in 2001 (Prism Research, 2001) suggests that, while the journey between Taunton and London Paddington is 20 minutes quicker in 2013 than in 2001, services between other Somerset settlements and London (any station) have got slower.

10.6 Broadband

Fast and reliable broadband access has increasingly become essential for both business and domestic purposes. The UK government's ambition is for everyone in the UK to be able access broadband speeds of at least two megabits per second (Mbps) by 2015 (the so-called 'Universal Service Commitment), and 90% to receive faster speeds, of at least 24 Mbps.

Across the UK, 10% of all fixed broadband connections were operating at less than 2 Mbps in June 2012 (Ofcom, 2012), down from 14% in 2011. At 15%, Somerset has more connections getting less than 2 Mbps than the national average. Other indicators of broadband capacity show that:

- Take-up of broadband is close to the UK average, with 68% of premises taking up fixed broadband (including superfast broadband) compared with 71% of premises nationally.
- 21% of premises have access to superfast broadband compared with 65% across the UK[68].
- Take-up rates for superfast broadband are still low. 1% of premises were connected to superfast broadband in Somerset compared with 7% across the UK.
- Average sync speeds in Somerset are slower than the UK average (8 Mbps, compared with 13 Mbps).
- Average data throughput per residential connection in Somerset is 15.3GB compared with 23 GB across the UK.

[68] In the UK, there is currently a significant disparity in the availability of SFBB services between rural and urban areas. Whereas 84% of urban premises have SFBB, the figure drops to 65% in semi-urban areas and just 19% in rural areas.

The Connecting Devon and Somerset project[69] will drive broadband delivery and take-up across the County. It aims to deliver the Universal Service Commitment by 2015 and deliver superfast broadband to at least 85% of homes and businesses by 2015, and all homes and businesses by 2020.

[69] http://www.connectingdevonandsomerset.co.uk/

11. FOCUS ON LOW CARBON ECONOMY

11.1. Climate change and the Somerset environment

Climate SouthWest (which was the South West Climate Impacts Partnership) updated their South West Climate Change Impacts Scoping Study in 2010[70]. The report contained useful recommendations for the regional economy, including a call for businesses not only to carry out climate change risk assessments but also to explore commercial opportunities for new markets.

In the South West, more than 200,000 properties are at risk of flooding from rivers or the sea, and around 6,000 properties are at risk from coastal erosion. Climate SouthWest identified the following key impacts for the region from the heightened risk of flooding and poor drainage management:

- Increased flood risk in urban areas, requiring more use of sustainable urban drainage and other flood risk management measures in construction practices. New developments on floodplains will also need to be avoided, which may be a challenge given the ongoing need for extra housing.
- Increased flood risk to property in some areas. This may lead to increased insurance premiums, or difficulty in obtaining insurance cover in the future.
- More heavy rainfall will increase the risk of soil erosion and run-off from agricultural land, which could in turn increase local flood risk and harm water quality.
- Drainage systems will be put under increasing pressure by heavy rainfall, requiring design standards to be re-appraised for both new and engineering structures.

Since the last Somerset Economy report, the low-lying county of Somerset has felt acutely the environmental impact of changing weather patterns. Three major flooding events in 2012 adversely affected businesses and left farmland waterlogged for months. The causes of flooding in Somerset are varied: rivers, tides and surface water or combinations of the three, depending on location.

With severe flooding across Somerset increasingly regarded as the norm, county-wide efforts continue to develop collaborative approaches to resolve the challenges. The County is presently covered by seven Catchment Area Management Strategies covering major rivers: Taw and North Devon; Exe; West Somerset Streams; Tone; Parrett; Brue, Axe and North Somerset Streams; Bristol Avon and a small portion of the Stour. In March 2013, a Somerset Flooding Summit was held. The Somerset Drainage Boards Consortium reported an increased likelihood of flooding for the Somerset Moors and Levels, which would benefit from a comprehensive dredging process and ongoing future maintenance to mitigate risk.

According to the Environment Agency, the following larger population centres across Somerset are at particular risk of flooding:

- Mendip: Street, Glastonbury, and Wells;
- Sedgemoor: Bridgwater and Burnham-on-Sea;
- South Somerset: Yeovil;
- Taunton Deane: Taunton;
- West Somerset: Williton and Minehead.

[70] Climate SouthWest. Warming to the idea: building resilience to extreme weather and climate change in the South West. Summary report, 2010.

11.2. Carbon usage indicators in the Somerset economy

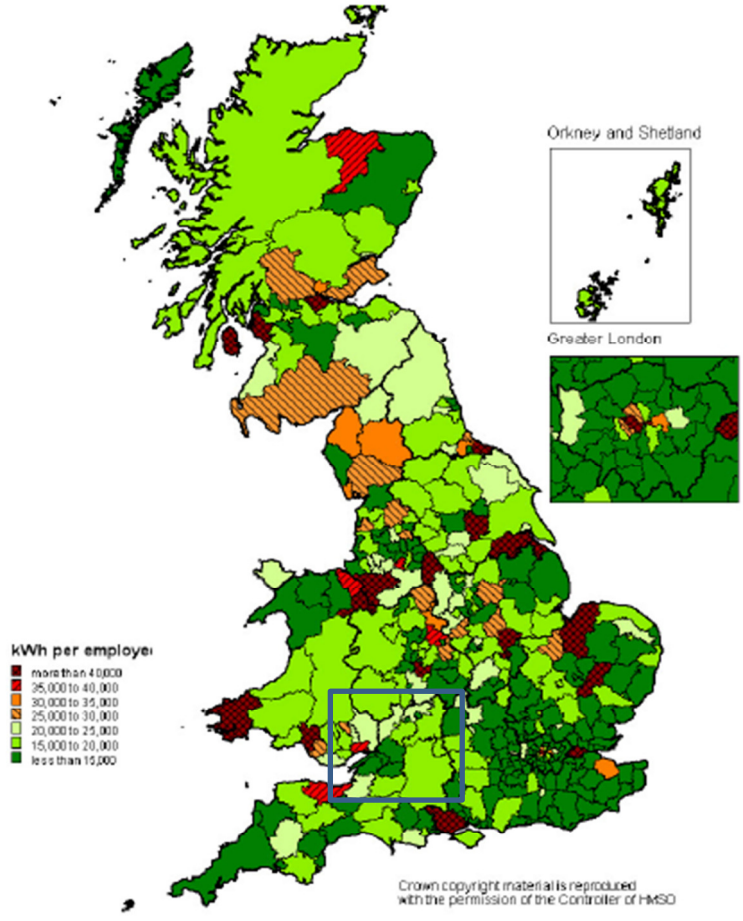
11.2.1. Energy consumption

The Stockholm Environmental Institute (SEI) calculates the ecological footprint of consumption activities. One of the main features of an ecological footprint indicator is that it is based on consumption, not just domestic production, and is expressed using the SEI system in global hectares (gha). It takes into account the impact of all products that are consumed, whether they are produced in the country of consumption, or elsewhere in the world.

In 2006, an average UK citizen had an eco-footprint of 4.64 gha, which is significantly above the available 'budget' of 1.89 gha. The South West regional average was higher again, at 4.74 gha. Compared with the rest of the region, only one Somerset local authority – Taunton Deane – had an eco-footprint which matched the South West average. The other authorities were all above this level: Sedgemoor came in at 4.75 gha, Mendip at 4.76 gha, South Somerset at 4.79 gha and West Somerset at 4.83 gha.

Overall 2010 business energy consumption per employee (expressed in kilowatt hours) for Somerset local authorities with the rest of the UK is shown in Figure 11-1. According to these 2010 figures, Taunton's business energy consumption remained the lowest at less than 15,000 kwh, followed by Mendip and South Somerset at 15-20,000 kwh. Sedgemoor's consumption was 20-25,000 kwh, and West Somerset's, 35-40,000 kwh – one of the highest consumption ratings in the UK.

Figure 11-1: Average industrial/commercial energy consumption per employee, 2010



Source: www.gov.uk

Turning to electricity consumption only, Table 11-1 shows 2009 electricity sales for business users, and consumption in kilowatt hours for business and domestic consumers, in Somerset local authorities compared with the overall South West region. MPANs[71] refer to numbers of electricity meters in business premises. It will be seen that 2009 electricity consumption in Somerset local authorities mirrors the pattern above, with Taunton at the lowest end of the spectrum and West Somerset at the highest.

Table 11-1: Electricity consumption in kilowatt hours by consumers in Somerset in 2009

	Commercial and industrial consumers		Sales per consumer	
LAU1 Area and Government Office Region	Sales 2009 - GWh	Number of MPANs (thousands)	Average domestic consumption kWh	Average industrial and commercial consumption kWh
Mendip	322.9	6.0	4,543	53,956
Sedgemoor	364.9	5.4	4,726	67,318
South Somerset	448.5	8.2	4,885	54,666
Taunton Deane	253.4	4.9	4,433	51,516
West Somerset	150.4	2.6	5,082	56,909
TOTAL SOUTH WEST	14,240.7	246.4	4,448	57,787

Source: www.gov.uk

Table 11-2 shows total consumption of electricity and gas in Somerset local authorities in 2007. It is interesting to note the low figures for metered domestic gas consumption in rural West Somerset which are the mirror image of their high electricity consumption, and suggest a lower number of dwellings with mains gas services.

[71] MPAN: Meter Point Administration Number, a 21-digit reference used in GB to identify electricity supply points.

Table 11-2: Total energy consumption in kilowatt hours by business and domestic consumers in Somerset in 2007

Mendip	**Total electricity/gas consumption (kWh)**
Domestic consumption	773,011,063
Industrial/Commercial consumption	619,442,271
Total consumption	1,392,453,334
Sedgemoor	**Total electricity/gas consumption (kWh)**
Domestic consumption	725,070,022
Industrial/Commercial consumption	897,526,520
Total consumption	1,622,596,541
South Somerset	**Total electricity/gas consumption (kWh)**
Domestic consumption	1,025,515,861
Industrial/Commercial consumption	892,291,336
Total consumption	1,917,807,197
Taunton Deane	**Total electricity/gas consumption (kWh)**
Domestic consumption	772,159,297
Industrial/Commercial consumption[1]	446,942,955
Total consumption	1,219,102,251
West Somerset	**Total electricity/gas consumption (kWh)**
Domestic consumption	215,611,235
Industrial/Commercial consumption[1]	519,035,738
Total consumption	734,646,972

Source: www.gov.uk

11.2.2. Carbon dioxide emissions

The following figures for end user CO2 emissions in 2010 show changes between 2005 and 2010, and have been based on the national inventory of CO2 emissions disaggregated to local authority level. The end user calculations allocate emissions from the production and processing of fuels (including the production of electricity) to the consumers of these fuels to reflect the total emissions relating to that fuel use. This is in contrast to the 'by source' emission reporting in which emissions are attributed to the sector that emits them directly.

Overall, Somerset's end user CO2 emissions per capita in 2010 were the seventh highest for a County or Unitary authority in the South West, and well above emissions levels for the South West and England. Of the constituent local authorities, Mendip, South Somerset and Taunton produced less than Somerset's per capita emissions overall. West Somerset produced the highest level of per capita end user CO2 emissions in the County – the third highest local authority emissions in the South West region - with Sedgemoor producing the second highest level within Somerset. As will be seen below inTable 11-3 and

Table 11-4, , these figures reflect a sparse rural population in West Somerset (which drives up per capita figures) and, by contrast, much lower emissions levels from industry.

Table 11-3: End user CO2 emissions in Somerset, 2010

	Total CO2 end user emissions (kt)	Population (000s), mid-year estimate	Total per capita emissions (t)	Rate of change (per capita) 2005-2010
Mendip	892.41	109.0	8.2	-19.6%
Sedgemoor	1,085.64	112.8	9.6	-19.3%
South Somerset	1,285.80	158.6	8.1	- 7.9%
Taunton Deane	829.69	109.4	7.6	- 6.2%
West Somerset	345.12	35.4	9.7	-11.0%
Somerset all	4,438.66	525.2	8.5	-12.3%
South West all	37,093.83	5,273.6	7.0	-14.6%
England all	385,307.80	52,234.4	7.4	-13.9%

Source: DECC/NAEI: Local and Regional CO2 Emissions Estimates for 2005-2010

End user emissions from 2010 (

Table 11-4) have been further allocated across four major sectors of the Somerset economy: Industry and Commercial; Road Transport; Land Use, Land Use Change and Forestry (LULUCF); and Domestic. These figures show the relative significance of each sector to the Somerset local economy as well as relative emissions levels.

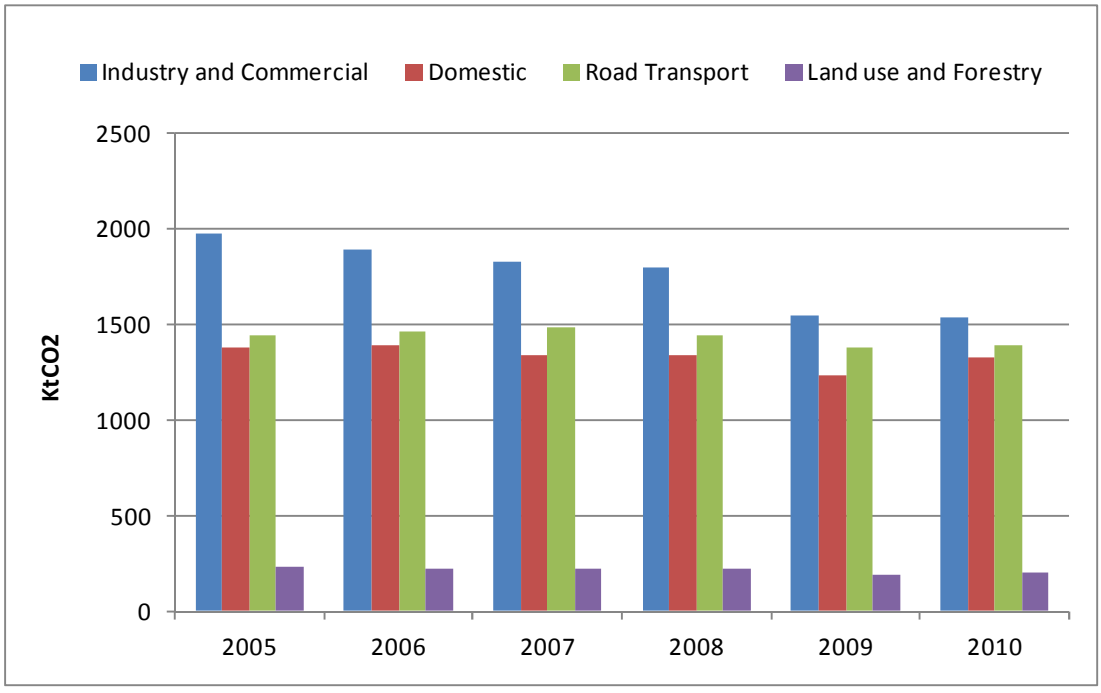
Table 11-4: Carbon emissions by end-use sectors, 2010

	Industry & Commercial (ktCO2)	Road Transport (ktCO2)	Land Use /Forestry (ktCO2)	Domestic (ktCO2)	Total (ktCO2)
Mendip	323.58	240.76	56.05	272.03	892.41
Sedgemoor	347.22	386.59	70.04	281.79	1,085.64
South Somerset	480.27	349.36	43.58	412.58	1,285.80
Taunton Deane	242.55	321.34	12.35	253.45	829.69
West Somerset	137.43	89.97	16.20	101.52	345.12
Somerset all	1,531.05	1,388.02	198.22	1,321.37	4,438.66
South West all	12,805.61	112,060.10	756.72	12,454.43	138,076.86
England all	161,046.00	103,697.90	2,281.10	118,282.80	385,307.80

Source: DECC/NAEI: Local and Regional CO2 Emissions Estimates for 2005-2010

The highest proportion of end user emissions of a sector in Somerset in 2010 was produced by the Industry and Commercial sector, accounting for 34% (of 1531kt), followed by Road Transport with 31% (of 1388kt). Of the local authorities, South Somerset produced the largest quantity of Industry and Commercial emissions in Somerset at 31% of the sector total for the County. Sedgemoor produced the highest levels of emissions in the County in Land Use and Forestry at 35%, and also in Road Transport at 28% of the total. South Somerset contributed the greatest levels of Domestic emissions at 31% of the sector total for Somerset. West Somerset's total carbon emissions by end-use sectors were the third lowest in the South West's County and Unitary authorities.

Figure 11-2: Carbon emissions by end-use sectors in Somerset, 2005 to 2010



Source: DECC/NAEI: Local and Regional CO2 Emissions Estimates for 2005-2010

11.3. Developing a low carbon economy in Somerset

This section reviews recent research undertaken on behalf of Somerset and constituent local authorities, which looked into future options for developing both the low carbon sector specifically and more general opportunities for the low carbon economy in Somerset.

Climate SouthWest[72] highlighted the future importance to the region of environmental technologies and the marine industry. They noted significant opportunities in the region for developing and selling products and consultancy services to mitigate and adapt to climate change, as well as for small-scale, local renewable energy generation which would reduce energy transport costs. Commercial and environmental opportunities exist for developing renewable energy production using technologies in wind, biomass, biofuels, passive solar heating and cooling and other environmental technologies. In the Marine sector, Climate SouthWest anticipated that the award of the first Low Carbon Economic Area status in Marine technologies should enhance opportunities to develop technologies that will harness and generate renewable energy from marine sources, such as offshore wind, wave power and tidal barrages.

A recent report[73] looking at the potential for future industry sector development in Somerset noted that both the Hinkley Point nuclear power station (which has now been granted planning permission) and the emerging renewables sector presented excellent opportunities for future economic growth. However, it acknowledged that market demand for renewable technologies was weak, and that the technologies were relatively immature to attract the type of public-private partnership investment that would stimulate their development. The report considered, however, that the renewables sector will remain a priority for policy-makers in Somerset, with an emphasis on 'demand stimulation and procurement' coupled with additional support for high growth companies. The report noted that major planned infrastructure projects, such as the Atlantic Array, could provide significant stimuli for local enterprises in the supply chain, with research into the Hinkley Point supply chain offering lessons for how local businesses could be better linked into renewables developments in future.

RegenSW[74] compiled a snapshot of Somerset's renewable energy installations in 2010/11 as part of its annual survey of renewable electricity and heat capacity across the South West. The following developments were noted:

For renewable electricity:

Table 11-5: Total renewable electricity capacity in Somerset, January 2011

Total capacity:	13.248 MW
Increase in 2010/2011:	1.086 MW
Total Projects:	525
New Projects 2010/2011:	295

Source: RegenSW

[72] op.cit.
[73] Sectors research: draft final report to Somerset County Council. SERIO/Red Group/ECORYS, December 2012.
[74] RegenSW. Renewable energy progress report: South West 2011 annual survey. 2011.

In 2010/2011, 287 new solar PV projects were installed in Somerset, making up 97% of new projects. Three new hydro projects and five new small and micro-wind turbines were also installed. New installations were spread relatively evenly across the districts in Somerset, with the greatest number in South Somerset (69) and the smallest in West Somerset (40). The largest project installed in Somerset was the 200 kW solar array in Glastonbury, followed by a 25 kW commercial solar project in Sedgemoor.

Somerset remains the county area in the south west with the lowest installed capacity, 3.81 MW behind Gloucestershire.

Installed capacity for renewable electricity across local authority areas in Somerset was as follows in January 2011:

Table 11-6: Renewable electricity by local authority areas

Local Authority	Number of projects	Renewable electricity capacity (MW)						
		Advanced treatment of waste	Hydro	Landfill gas	Onshore wind	Sewage gas	Solar PV	Area total
Mendip	125	0	0.086	0	1.833	0	0.504	2.422
Sedgemoor	103	0.650	0.008	2.565	0.015	0	0.312	3.549
South Somerset	137	0	0.059	5.166	0.043	0	0.324	5.591
Taunton Deane	104	0	0.331	0.665	0.061	0.170	0.278	1.505
West Somerset	56	0	0.013	0	0.011	0	0.157	0.181
Somerset totals	-	**0.650**	**0.496**	**8.396**	**1.963**	**0.170**	**1.574**	**13.248**
Number of projects	**525**	**1**	**20**	**4**	**24**	**1**	**475**	-

Source: RegenSW

Installed capacity for renewable heating across local authority areas in Somerset was as follows in January 2011:

Table 11-7: Total renewable heating capacity in Somerset, January 2011

Total capacity:	**6.713 MW**
Increase in 2010/2011:	**1.899 MW**
Total Projects:	**360**
New Projects 2010/2011:	**106**

Source: RegenSW

Somerset saw a relatively equal percentage increase in both number of projects (41.7%) and capacity (39.5%) for renewable heat in comparison to 2010 figures. Of the new projects, there were 73 solar thermal, 17 heat pumps and 16 biomass. Although the number of projects was much higher for solar thermal, it contributes 0.19 MW to the capacity, whereas heap pumps increases by 0.20 MW and biomass by 1.51 MW.

Mendip district installed the greatest number of new projects in Somerset (33). Of these, 22 were solar thermal, six were ASHP, three were biomass and two, GSHP. Within the County, South Somerset saw the greatest increase in capacity in 2010/2011 (0.59 MW). This included two 200 kW biomass boilers. Over 1 MW of new renewable heat capacity came from five biomass boilers, with the remaining 11 boilers contributing a combined total of 0.41 MW.

Installed capacity for renewable heating across local authority areas in Somerset was as follows in January 2011:

Table 11-8: Renewable heating by local authority areas

Local Authority	Number of projects	Renewable heat capacity (MW)					
		Advanced treatment of waste	Biomass	Heat pumps	Sewage gas	Solar thermal	Area total
Mendip	74	0	1.344	0.167	0	0.155	1.665
Sedgemoor	47	0	0.330	0.070	0	0.068	0.468
South Somerset	88	0	1.160	0.206	0	0.176	1.542
Taunton Deane	68	0	0.810	0.072	0.200	0.167	1.249
West Somerset	81	0	1.307	0.032	0	0.147	1.486
Unknown	2	0	0.300	0	0	0.003	0.303
Somerset totals	**-**	**0**	**5.251**	**0.547**	**0.200**	**0.715**	**6.713**
Number of projects	**360**	**0**	**81**	**46**	**1**	**232**	**-**

11.3.1. Developing the low carbon sector

In the words of a BIS economics paper, 'There is currently no clear or agreed definition of what constitutes a green or low carbon economy'[75].

In 2008, BIS developed a definition of the Low Carbon & Environmental Goods sector (LCEGS)[76], 'designed to fill the gap in current Standard Industry Classification (SIC) codes that has resulted in activities in this area of the economy being consistently over-looked and under-valued'.

This work broke the sector into 24 sub-sectors within three broad categories - Environmental, Renewable Energy and Low Carbon.

Table 11-9: Jobs for a low-carbon economy

Environmental
- Air Pollution
- Contaminated Land
- Energy Management
- Environmental Consultancy
- Environmental Monitoring
- Marine Pollution Control
- Noise & Vibration Control
- Recovery and Recycling
- Waste Management
- Water Supply and Waste Water Treatment

Renewable Energy
- Biomass
- Geothermal
- Hydro
- Photovoltaic
- Wave & Tidal
- Wind
- Renewable Consulting

Low Carbon
- Additional Energy Sources
- Alternative Fuel/ Vehicle
- Alternative Fuels
- Building Technologies
- Carbon Capture & Storage
- Carbon Finance
- Nuclear Power

Source: BIS

More recently, the 11 Sector Skills Councils in the 'low carbon cluster' built on this work, broadening it 'to include activities in the wider supply chain and encompass other business activities across the economy that are adopting more resource efficient and low carbon

[75] BIS Economics Paper No. 2. Towards a Low Carbon Economy – economic analysis and evidence for a low carbon industrial strategy, BIS, July 2009.
[76] http://www.bis.gov.uk/assets/biscore/business-sectors/docs/l/11-992x-low-carbon-and-environmental-goods-and-services-2009-10.pdf

solutions'[77]. This approach takes in large parts of the land-based, transport, construction and manufacturing sectors.

The following additional LCEGS industry areas were identified in the Somerset economy within the 2010 Local Economic Assessment. They are not a comprehensive list but are more amenable to SIC code identification :

Direct sectors:

- Waste processing and recycling
- Packaging materials and processing
- Water supply and disposal
- Environmental Consultants
- Energy consultants and installers of insulation and
- Solar equipment

Indirect sectors:

- Engineering (Civil and Consulting)
- Laboratories and
- Manufacturers of electrical components, batteries and instrumentation.

Another comprehensive typology of green jobs was developed by American commentators:

Table 11-10: Green jobs across industry sectors

Building Retrofitting	Electricians, Heating/Air Conditioning Installers, Carpenters, Construction Equipment Operators, Roofers, Insulation Workers, Carpenter Helpers, Industrial Truck Drivers, Construction Managers, Building Inspectors
Public Transport	Civil Engineers, Rail Track Layers, Electricians, Welders, Metal Fabricators, Engine Assemblers, Production Helpers, Bus Drivers, Transport Supervisors, Dispatchers
Energy-Efficient Cars	Computer Software Engineers, Electrical Engineers, Engineering Technicians, Welders, Transportation Equipment Painters, Metal Fabricators, Computer-Controlled Machine Operators, Engine Assemblers, Production Helpers, Operations Managers
Wind Power	Environmental Engineers, Iron and Steel Workers, Millwrights, Sheet Metal Workers, Machinists, Electrical Equipment Assemblers, Construction Equipment Operators, Industrial Truck Drivers, Industrial Production Managers, First-line Production Supervisors
Solar Power	Electrical Engineers, Electricians, Industrial Machinery Mechanics, Welders, Metal Fabricators, Electrial Equipment Assemblers, Construction Equipment Operators, Installation Helpers, Labourers, Construction Managers
Cellulosic Biofuels	Chemical Engineers, Chemists, Chemical Equipment Operators, Chemical Technicians, Mixing and Blending Machine Operators, Agricultural Workers, Industrial Truck Drivers, Farm Product Purchases, Agricultural and Forestry Supervisors, Agricultural Inspectors

Source: *Job Opportunities for the Green Economy*, Robert Pollin and Jeannette Wicks-Lim, Political Economy Research Institute, University of Massachusetts, June 2008

11.3.2. Developing low carbon opportunities

A briefing paper[78] on the low carbon economy was produced as part of Somerset County Council's 2010 Local Economic Assessment. Amongst other questions, it attempted to identify 'prospects, opportunities and impacts' for a future lower carbon economy in Somerset, and how well existing and planned infrastructure would support low carbon business needs together with sustainable economic growth.

[77] Sector Skills Assessment for the Low Carbon Cluster, 2009, Available at *www.goskills.org/download.php?fileid=3579*

[78] Somerset Local Economic Assessment: low carbon economy briefing paper. Zero2050, 2010.

The paper's main recommendations included development of a 'green vision and strategy' for Somerset. Consultations with stakeholders had identified Yeovil, Taunton and Bridgwater as potential 'powerhouses' of the green economy, whose centres could be better linked together to drive future growth. At the same time, Somerset's local areas could aim to develop complementary and distinctive 'bio-capacity areas' to develop low carbon localisation and resilience. This could include harnessing the benefits of Superfast Broadband. Low carbon resource efficiency assessment could be applied to existing businesses to share knowledge for adapting to a greener economy, and businesses in the LCEGS sector should be mapped and analysed to evaluate their potential for future growth. Additional investment and business support should be made available to help SMEs with the low carbon transition in Somerset.

11.3.2.1. Low carbon economy for Taunton

Two 2009 studies for Taunton were commissioned by Taunton Deane Borough Council, supported by Somerset County Council. 'Digital and green' opportunities were identified as a means to broaden Taunton's economy by 2026. The report[79] recommended a coordinated strategy that linked Taunton and the rest of Somerset with public-private partnerships, particularly Sedgemoor which had by this time identified alternative energy and the green economy as priority sectors. A Somerset-wide approach would create critical mass and economies of scale, aggregating collaboration and leverage for future opportunities. Development of a coordinated green economy strategy by Taunton itself was also recommended.

A second 2009 report[80] for Taunton Deane Borough Council developed an economic development strategy based on the Green Knowledge Economy, or GKE approach. The process aimed to support core sectors of Taunton's knowledge economy whilst accelerating the spread of low-carbon and resource-efficient technologies and practices across all sectors of the local economy. The strategy included three main policy themes: 'Grow and Green' Communities, Innovation and Enterprise, and Promoting Taunton. The 'Grow and Green' Communities policy strand included the following:

- Mission: to develop community-based, driven and owned approaches to the green knowledge economy, linking green initiatives (renewable energy, resource conservation and management and sustainable development) with business and employment growth initiatives.
- GKE Activities: Clean Energy, Green Buildings, Next Generation Broadband, Green Travel, and Resource Management and Environmental Conservation.

The GKE Strategy Matrix was developed to identify 'Green Cluster' strategies and activities across the following sectors: clean energy, green building, green transport and resource management and environmental conservation. It highlighted growth opportunities for selected EGS (Environmental Goods & Services) businesses as follows:

Clean Energy

EGS Business Growth: Solar/PV, hydro, wave & tidal, biomass, wind, geothermal, renewable consulting, additional energy sources, CCS, Carbon finance, Energy Mgmt:

- increase carbon/GHG reduction activity (finance, solutions);
- increase renewable energy (electricity & heat) activity;
- increase energy saving activity;
- drive low carbon innovation and skills across sectors & supply chains;
- promote low carbon goods & services (finance, solutions).

[79] Envisioning the future of the Taunton economy. Report to Taunton Deane Borough Council by Geoeconomics, 2009.

[80] 'Grow and Green' – a new economic development strategy for Taunton Deane. Report by Geoeconomics, 2010.

Green Building
EGS Business Growth: Building technologies:

- improve energy efficiency & GHG of existing buildings (Retrofit);
- achieve zero carbon targets for schools, buildings, homes and govt est;
- investment decisions based upon whole life value;
- spatial planning supports sustainable communities;
- drive sustainable design in the construction sector & supply chains;
- reduce embodied carbon of materials and increase local sourcing.

Green Transport
EGS Business Growth: Alternative fuels, alternative fuel vehicles:

- reduce vehicle emissions;
- drive low carbon vehicle innovation;
- support low carbon local transport planning;
- increase walk, cycle, bus and train provision;
- increase end-of-life vehicles re-use, recycling & waste reduction;
- promote the use of green ICT.

Resource Management & Environmental Conservation
EGS Business Growth: Air pollution, Environmental consultancy, Environmental monitoring, coastal protection, Maritime Pollution control, Noise vibration, Contaminated land, Waste management, Water & Waste Water, recovery & recycling:

- deliver sustainable procurement and enable growth of GKE;
- encourage pro-environmental behaviour through lifetime of project;
- encourage sustainable consumption & production, e.g. eco-designed products or reduced products and waste;
- enhance and restore local land / ecosystems;
- encourage sustainable Food & Farming;
- encourage sustainable water and flooding management;
- increase recycling and reduces resources into the waste stream;
- encourage climate change adaptation.

The report proposed a comprehensive economic strategy which included specific recommendations for future activities. It included sets of performance indicators to monitor the introduction of greening practices across the Taunton economy and assess their impact over time.

11.3.2.2. Low carbon economy for West Somerset

West Somerset Council conducted a 2011 study[81] to investigate the potential for the local economy of renewable and low carbon energy to support its future planning strategies. The research comprised three main elements: a 'stock-take' or baseline assessment of the existing position of renewable energy; analysis of future demand; and recommendations of appropriate policies and actions. The overall potential of renewables for West Somerset was defined in terms of their potential installed capacity and amount of energy capable of being generated.

Amongst a range of topics, the study explored:

- how much fuel local homes and non-domestic properties currently use;
- what future fuel demands may be;
- what types of technology are available for homes, businesses and developers;

[81] West Somerset Local Planning Authority Area. Renewable and low carbon energy potential study. 2011.

- incentives, such as the Feed-in Tariff and Renewable Heat Incentive, which can be used to subsidise the installation of micro-generating technologies;
- the maximum energy generation which could arise from renewable and low carbon energy resources;
- how planning policy could help to deliver greater renewable energy generation;
- what all of these could mean for the area if local targets for energy generation from renewable resources were pursued.

Headlines from the report included:

- energy consumption is likely to continue to fall slightly in coming years due to rising costs, increasing efficiency of electrical appliances and retro-fitting of energy-saving and generating measures in houses;
- the maximum renewable energy generation potential in West Somerset;
- local opportunities to develop alternative energy resources;
- the challenges faced if the local area adopts targets for the generation of renewable energy similar to those set nationally;
- a number of suggested renewable and low carbon energy development planning policies, which could be included within planning documents such as the emerging Local Plan, Neighbourhood Plans, master plans or supplementary planning documents;
- further work that would need completing to respond more fully to the identified maximum renewable energy potential, including steps needed to define realistic and deliverable projects.

ANNEXE 1: DEFINITION OF URBAN AREAS

	LSOA Code	LSOA Name
Minehead		
	E01029322	West Somerset 002A
	E01029324	West Somerset 001B
	E01029329	West Somerset 001C
	E01029330	West Somerset 001D
	E01029331	West Somerset 002B
	E01029333	West Somerset 002C
	E01032636	West Somerset 001F
Taunton		
	E01029319	Taunton Deane 002E
	E01029257	Taunton Deane 008B
	E01029263	Taunton Deane 011A
	E01029264	Taunton Deane 011B
	E01029265	Taunton Deane 011C
	E01029266	Taunton Deane 010A
	E01029276	Taunton Deane 002A
	E01029277	Taunton Deane 008D
	E01029280	Taunton Deane 009A
	E01029281	Taunton Deane 009B
	E01029282	Taunton Deane 006A
	E01029283	Taunton Deane 009C
	E01029284	Taunton Deane 010B
	E01029285	Taunton Deane 007A
	E01029286	Taunton Deane 010C
	E01029287	Taunton Deane 007B
	E01029288	Taunton Deane 007C
	E01029289	Taunton Deane 007D
	E01029290	Taunton Deane 002C
	E01029291	Taunton Deane 006B
	E01029292	Taunton Deane 009D
	E01029293	Taunton Deane 009E
	E01029294	Taunton Deane 006C
	E01029295	Taunton Deane 014C
	E01029296	Taunton Deane 014D
	E01029297	Taunton Deane 004A
	E01029298	Taunton Deane 004B
	E01029299	Taunton Deane 007E
	E01029300	Taunton Deane 007F
	E01029301	Taunton Deane 010D
	E01029302	Taunton Deane 011D
	E01029303	Taunton Deane 010E
	E01029304	Taunton Deane 004C

E01029305	Taunton Deane 004D
E01029306	Taunton Deane 002D
E01029307	Taunton Deane 004E
E01032652	Taunton Deane 008F

Bridgwater

E01029091	Sedgemoor 010B
E01029092	Sedgemoor 010C
E01029093	Sedgemoor 008A
E01029094	Sedgemoor 009A
E01029095	Sedgemoor 009B
E01029096	Sedgemoor 008B
E01029097	Sedgemoor 013A
E01029098	Sedgemoor 013B
E01029099	Sedgemoor 013C
E01029100	Sedgemoor 013D
E01029101	Sedgemoor 014A
E01029102	Sedgemoor 011A
E01029104	Sedgemoor 011C
E01029105	Sedgemoor 013E
E01029106	Sedgemoor 008C
E01029107	Sedgemoor 008D
E01029108	Sedgemoor 010D
E01029109	Sedgemoor 008E
E01029110	Sedgemoor 009C
E01029111	Sedgemoor 009D
E01029112	Sedgemoor 009E
E01032631	Sedgemoor 011E
E01032634	Sedgemoor 011G
E01032630	Sedgemoor 014G

Burnham on Sea and Highbridge

E01029113	Sedgemoor 002D
E01029114	Sedgemoor 004A
E01029115	Sedgemoor 002E
E01029116	Sedgemoor 004B
E01029117	Sedgemoor 004C
E01029118	Sedgemoor 005A
E01029119	Sedgemoor 004D
E01029120	Sedgemoor 004E
E01029131	Sedgemoor 005B
E01029132	Sedgemoor 005C
E01029133	Sedgemoor 005D
E01029134	Sedgemoor 005E

Yeovil

E01029159	South Somerset 018A
E01029161	South Somerset 013A
E01029162	South Somerset 013B
E01029231	South Somerset 014A
E01029232	South Somerset 015A
E01029233	South Somerset 014B
E01029234	South Somerset 015B
E01029235	South Somerset 014C
E01029236	South Somerset 014D
E01029237	South Somerset 014E
E01029238	South Somerset 011A
E01029239	South Somerset 015C
E01029240	South Somerset 015D
E01029241	South Somerset 016A
E01029242	South Somerset 018B
E01029243	South Somerset 018C
E01029244	South Somerset 018D
E01029245	South Somerset 016B
E01029246	South Somerset 016C
E01029247	South Somerset 013C
E01029248	South Somerset 012B
E01029249	South Somerset 016D
E01029250	South Somerset 012C
E01029252	South Somerset 011B
E01029254	South Somerset 011D
E01029255	South Somerset 013D

Crewkerne

E01029183	South Somerset 021B
E01029184	South Somerset 021C
E01029185	South Somerset 021D
E01029186	South Somerset 021E

Chard

E01029170	South Somerset 023A
E01029171	South Somerset 023B
E01029172	South Somerset 022B
E01029173	South Somerset 022C
E01029174	South Somerset 023C
E01029175	South Somerset 023D
E01029176	South Somerset 022D
E01029177	South Somerset 022E

Ilminster

E01029193	South Somerset 019A

E01029194	South Somerset 019B
E01029195	South Somerset 019C

Langport

E01029200	South Somerset 004A
E01029201	South Somerset 004B

Somerton

E01029225	South Somerset 003B
E01029226	South Somerset 003C

Wincanton

E01029227	South Somerset 005B
E01029228	South Somerset 005C
E01029229	South Somerset 005D

Glastonbury

E01029046	Mendip 011A
E01029047	Mendip 012A
E01029050	Mendip 011D
E01029051	Mendip 011E
E01032627	Mendip 011F

Street

E01029070	Mendip 014A
E01029071	Mendip 014B
E01029072	Mendip 014C
E01029073	Mendip 014D
E01029074	Mendip 012D
E01029075	Mendip 014E
E01029076	Mendip 012E

Wells

E01029078	Mendip 008A
E01029079	Mendip 008B
E01029080	Mendip 008C
E01029081	Mendip 008D
E01029082	Mendip 008E
E01029083	Mendip 005D
E01029084	Mendip 006D

Shepton Mallet

E01029062	Mendip 009A
E01029063	Mendip 009B
E01029064	Mendip 006C
E01029065	Mendip 009C

E01029066	Mendip 009D
E01029067	Mendip 009E

Frome

E01029029	Mendip 007A
E01029030	Mendip 003A
E01029031	Mendip 003B
E01029032	Mendip 003C
E01029033	Mendip 003D
E01029034	Mendip 003E
E01029035	Mendip 007B
E01029036	Mendip 004A
E01029037	Mendip 007C
E01029038	Mendip 007D
E01029039	Mendip 007E
E01029040	Mendip 007F
E01029041	Mendip 004B
E01029042	Mendip 004C
E01029043	Mendip 004D
E01029044	Mendip 001C
E01029045	Mendip 004E

Wellington

E01029311	Taunton Deane 012B
E01029312	Taunton Deane 012C
E01029313	Taunton Deane 012D
E01029314	Taunton Deane 013D
E01029315	Taunton Deane 013E
E01029316	Taunton Deane 012E
E01029309	Taunton Deane 012A
E01029310	Taunton Deane 013C

ANNEXE 2: LOCAL AUTHORITY PROFILES

Table A1-0-1: Output and employment (Jobs) by broad sector; Mendip and the UK; 2011

	Output			Jobs		
	£m	%	LQ	000s	%	LQ
Agriculture, forestry & fishing	35.9	2	3.4	2,100	4	2.8
Mining & quarrying	25.9	2	3.7	500	1	5.4
Manufacturing	251.1	14	1.3	5,300	10	1.2
Electricity, gas, steam and air conditioning supply	0.0	0	0.0	0	0	0.2
Water supply; sewage, waste management and remediation activities	26.4	2	1.2	200	0	0.8
Construction	180.2	10	1.4	4,900	9	1.4
Wholesale and retail trade; repair of motor vehicles and motorcycles	216.5	12	1.1	8,800	17	1.1
Transportation & storage	91.4	5	1.1	2,600	5	1.0
Accommodation & food service activities	58.8	3	1.1	4,300	8	1.3
Information and communication	94.9	5	0.9	1,500	3	0.8
Financial & insurance activities	36.7	2	0.2	500	1	0.3
Real estate activities	184.3	10	1.4	900	2	1.2
Professional, scientific & technical activities	132.1	7	1.0	4,600	9	1.1
Administrative & support service activities	54.2	3	0.6	2,200	4	0.5
Public administration & defence; compulsory social security	34.1	2	0.4	900	2	0.3
Education	146.0	8	1.2	4,900	9	1.1
Human health & social work activities	127.6	7	0.9	5,300	10	0.8
Arts, entertainment & recreation	31.3	2	1.1	1,600	3	1.1
Other service activities	51.2	3	1.7	2,100	4	1.4
Total	**1,778.6**	**100**	**1.0**	**53,200**	**100**	**1.0**

A2: Sedgemoor

Table A1-0-2: Output and employment (Jobs) by broad sector; Sedgemoor and the UK; 2011

	£m	%	LQ	000s	%	LQ
Agriculture, forestry & fishing	30.0	2	3.5	1,800	4	2.8
Mining & quarrying	3.4	0	0.6	100	0	0.9
Manufacturing	283.0	20	1.8	6,200	13	1.6
Electricity, gas, steam and air conditioning supply	0.0	0	0.0	0	0	0.1
Water supply; sewage, waste management and remediation activities	24.9	2	1.3	200	1	0.9
Construction	152.7	11	1.4	4,100	9	1.3
Wholesale and retail trade; repair of motor vehicles and motorcycles	215.4	15	1.3	9,100	19	1.2
Transportation & storage	98.5	7	1.5	2,900	6	1.3
Accommodation & food service activities	54.7	4	1.3	4,200	9	1.4
Information and communication	22.3	2	0.2	500	1	0.3
Financial & insurance activities	30.2	2	0.2	400	1	0.3
Real estate activities	74.1	5	0.7	400	1	0.6
Professional, scientific & technical activities	74.7	5	0.7	2,600	5	0.7
Administrative & support service activities	48.7	3	0.6	2,000	4	0.6
Public administration & defence; compulsory social security	40.9	3	0.6	1,200	2	0.5
Education	112.4	8	1.2	3,800	8	1.0
Human health & social work activities	143.5	10	1.2	5,900	12	1.0
Arts, entertainment & recreation	22.1	2	0.9	1,200	3	0.9
Other service activities	23.2	2	0.9	1,000	2	0.7
Total	1,454.7	100	1.0	47,400	100	1.0

A3: South Somerset

Table A1-0-3: Output and employment (Jobs) by broad sector; South Somerset and the UK; 2011

Broad sector	GVA			Emp		
	£m	%	LQ	000s	%	LQ
Agriculture, forestry & fishing	46.6	2.0	2.7	2,700	3	2.4
Mining & quarrying	2.2	0	0.2	0	0	0.3
Manufacturing	753.4	26	2.4	16,100	20	2.4
Advanced manufacturing (excluding aerospace & marine)	179.9	6	1.6	3,900	5	1.8
Aerospace	362.9	12	21.6	6,600	8	24.3
Marine	4.9	0	1.0	100	0	1.1
Food, drink & tobacco	82.4	3	1.8	2,200	3	2.0
Other manufacturing	123.3	4	0.9	3,200	4	1.0
Electricity, gas, steam and air conditioning supply	24.6	1	0.6	100	0	0.4
Water supply; sewage, waste management and remediation activities	28.2	1	0.8	500	1	1.0
Construction	266.5	9	1.3	6,300	8	1.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	301.9	11	0.9	12,300	15	1.0
Transportation & storage	90.6	3	0.7	2,600	3	0.7
Accommodation & food service activities	55.0	2	0.6	4,000	5	0.8
Information and communication	97.7	3	0.5	2,000	2	0.6
Financial & insurance activities	45.0	2	0.2	600	1	0.2
Real estate activities	225.7	8	1.1	900	1	0.9
Professional, scientific & technical activities	117.5	4	0.5	3,900	5	0.6
Administrative & support service activities	158.2	6	1.1	6,400	8	1.0
Public administration & defence; compulsory social security	183.7	6	1.3	4,700	6	1.1
Education	141.9	5	0.7	4,800	6	0.7
Human health & social work activities	241.1	8	1.0	10,000	12	0.9
Arts, entertainment & recreation	31.2	1	0.7	1,600	2	0.7
Other service activities	50.3	2	1.0	2,200	3	0.9
Total	2,861.3	100	1.0	81,700	100	1.0

A4: Taunton Deane

Table A1-0-4: Output and employment (Jobs) by broad sector; Taunton Deane and the UK; 2011

Broad sector	GVA			Emp		
	£m	%	LQ	000s	%	LQ
Agriculture, forestry & fishing	24.8	1.2	2.0	1,379	2	1.6
Mining & quarrying	0.6	0.0	0.1	0	0	0.0
Manufacturing	172.4	8.4	0.8	3,507	6	0.7
Advanced manufacturing (excluding aerospace & marine)	68.6	3.3	0.8	1,245	2	0.8
Aerospace	0.7	0.0	0.1	11	0	0.1
Marine	0.3	0.0	0.1	5	0	0.1
Food, drink & tobacco	21.1	1.0	0.6	474	1	0.6
Other manufacturing	81.6	4.0	0.8	1,772	3	0.8
Electricity, gas, steam and air conditioning supply	37.4	1.8	1.2	217	0	0.9
Water supply; sewage, waste management and remediation activities	60.1	2.9	2.3	551	1	1.5
Construction	169.3	8.2	1.1	3,823	6	0.9
Wholesale and retail trade; repair of motor vehicles and motorcycles	276.9	13.5	1.2	10,873	18	1.1
Wholesale & retail trade & repair of motor vehicles & motorcycles and wholesale trade, except of motor vehicles & motorcycles	112.3	5.5	1.0	3,005	5	0.9
Retail trade, except of motor vehicles & motorcycles	164.6	8.0	1.4	7,869	13	1.3
Transportation & storage	39.2	1.9	0.4	1,071	2	0.4
Accommodation & food service activities	45.2	2.2	0.7	3,215	5	0.8
Accommodation	8.7	0.4	0.5	504	1	0.6
Food & beverage services	36.5	1.8	0.8	2,712	4	0.9
Information and communication	48.7	2.4	0.4	934	2	0.4
Financial & insurance activities	81.6	4.0	0.4	1,083	2	0.5
Real estate activities	136.1	6.6	0.9	630	1	0.8
Professional, scientific & technical activities	132.3	6.4	0.8	4,386	7	0.9
Professional services	126.1	6.1	0.9	4,196	7	1.0
Scientific & technical	6.1	0.3	0.4	190	0	0.5
Administrative & support service activities	117.3	5.7	1.1	4,678	8	1.0
Public administration & defence; compulsory social security	212.7	10.4	2.1	5,486	9	1.7
Administration of the State and the economic & social policy of the community	155.7	7.6	3.0	3,669	6	2.1
Provision of services to the community as a whole	48.0	2.3	1.0	1,541	2	1.1
Compulsory social security activities	9.0	0.4	3.5	276	0	2.4
Education	125.0	6.1	0.9	4,218	7	0.8
Human health & social work activities	312.4	15.2	1.8	12,896	21	1.6
Arts, entertainment & recreation	29.7	1.4	0.9	1,502	2	0.9
Other service activities	33.3	1.6	0.9	1,340	2	0.8
Total	2,054.7	100	1.0	61,789	100	1.0

A5: West Somerset

Table A1-0-5: Output and employment (Jobs) by broad sector, West Somerset and the UK, 2011

Broad sector	GVA			Emp		
	£m	%	LQ	000s	%	LQ
Agriculture, forestry & fishing	35.4	4.9	8.3	1,521	10	7.3
Mining & quarrying	0.0	0.0	0.0	0	0	0.0
Manufacturing	45.5	6.4	0.6	717	5	0.6
Advanced manufacturing (excluding aerospace & marine)	10.9	1.5	0.4	149	1	0.4
Aerospace	0.0	0.0	0.0	0	0	0.0
Marine	0.0	0.0	0.0	0	0	0.0
Food, drink & tobacco	6.5	0.9	0.6	110	1	0.5
Other manufacturing	28.1	3.9	0.8	458	3	0.8
Electricity, gas, steam and air conditioning supply	171.4	23.9	16.3	761	5	11.9
Water supply; sewage, waste management and remediation activities	33.4	4.7	3.7	255	2	2.8
Construction	65.4	9.1	1.2	1,143	7	1.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	71.0	9.9	0.9	2,157	14	0.9
Wholesale & retail trade & repair of motor vehicles & motorcycles and wholesale trade, except of motor vehicles & motorcycles	22.8	3.2	0.6	452	3	0.5
Retail trade, except of motor vehicles & motorcycles	48.2	6.7	1.2	1,705	11	1.1
Transportation & storage	15.6	2.2	0.5	329	2	0.5
Accommodation & food service activities	56.1	7.8	2.6	3,089	20	3.1
Accommodation	42.1	5.9	7.2	2,162	14	9.7
Food & beverage services	14.0	2.0	0.9	927	6	1.2
Information and communication	9.9	1.4	0.2	149	1	0.3
Financial & insurance activities	11.9	1.7	0.2	122	1	0.2
Real estate activities	52.3	7.3	1.0	209	1	1.0
Professional, scientific & technical activities	19.4	2.7	0.4	483	3	0.4
Professional services	15.8	2.2	0.3	399	3	0.4
Scientific & technical	3.6	0.5	0.7	84	1	0.8
Administrative & support service activities	12.1	1.7	0.3	377	2	0.3
Public administration & defence; compulsory social security	11.6	1.6	0.3	279	2	0.3
Administration of the State and the economic & social policy of the community	5.9	0.8	0.3	156	1	0.4
Provision of services to the community as a whole	5.6	0.8	0.3	118	1	0.4
Compulsory social security activities	0.1	0.0	0.1	4	0	0.1
Education	29.3	4.1	0.6	987	6	0.8
Human health & social work activities	43.0	6.0	0.7	1,712	11	0.9
Arts, entertainment & recreation	12.4	1.7	1.1	487	3	1.1
Other service activities	21.2	3.0	1.7	660	4	1.5
Total	716.8	100	1.0	15,436	100	1.0

ANNEX 3: HISTORICAL CHANGES IN GVA AND JOBS BY DETAILED SECTOR, SOMERSET, 2000-2011

Table A2-0-1: Change in GVA by Detailed Sector, Somerset, 2000-2011

	Level				Change			Change., 5			
	2000	**2007**	**2009**	**2011**	2000-2007	2007-2009	2009-2011	2000-2007	2007-2009	2009-2011	2011 as % 2007
A : Agriculture, forestry and fishing	138.0	168.4	176.8	172.7	30.4	8.3	-4.1	22.0	4.9	-2.3	2.5
B : Mining and quarrying	107.0	55.1	48.4	32.0	-51.9	-6.7	-16.4	-48.5	-12.1	-33.8	-41.8
C : Manufacturing	1,171.6	1,422.2	1,388.6	1,505.4	250.6	-33.6	116.8	21.4	-2.4	8.4	5.8
Advanced manufacturing (excluding aerospace)	285.2	289.5	240.0	350.9	4.3	-49.5	110.9	1.5	-17.1	46.2	21.2
Aerospace	253.6	334.2	304.7	368.6	80.5	-29.4	63.9	31.8	-8.8	21.0	10.3
Food, drink & tobacco	226.4	285.3	325.5	298.1	58.9	40.2	-27.4	26.0	14.1	-8.4	4.5
Other manufacturing	406.4	513.3	518.4	487.8	106.9	5.1	-30.6	26.3	1.0	-5.9	-5.0
D : Electricity, gas, steam and air	365.4	330.3	247.8	233.4	-35.1	-82.5	-14.4	-9.6	-25.0	-5.8	-29.3
E : Water supply; sewage, waste	72.5	118.8	156.0	173.0	46.3	37.2	17.0	63.8	31.3	10.9	45.6
F : Construction	657.8	756.3	645.4	834.1	98.5	-110.9	188.7	15.0	-14.7	29.2	10.3
G : Wholesale and retail trade; repair of	815.3	1,221.8	1,094.7	1,081.6	406.5	-127.1	-13.1	49.9	-10.4	-1.2	-11.5
Wholesale & retail trade & repair of	412.6	595.2	507.5	496.4	182.7	-87.7	-11.1	44.3	-14.7	-2.2	-16.6
Retail trade, except of motor vehicles & motorcycles	402.7	626.5	587.2	585.2	223.9	-39.4	-2.0	55.6	-6.3	-0.3	-6.6
H : Transportation and storage	246.9	343.3	345.0	335.3	96.4	1.7	-9.7	39.1	0.5	-2.8	-2.3
I : Accommodation and food service activities	302.3	291.1	272.8	269.8	-11.1	-18.3	-3.0	-3.7	-6.3	-1.1	-7.3
Accommodation	125.4	105.7	73.2	101.6	-19.8	-32.5	28.4	-15.8	-30.7	38.8	-3.9
Food & beverage services	176.8	185.5	199.6	168.2	8.6	14.2	-31.4	4.9	7.6	-15.7	-9.3
J : Information and communication	210.8	257.4	254.4	273.5	46.6	-3.0	19.1	22.1	-1.1	7.5	6.3
K : Financial and insurance activities	195.7	235.5	236.3	205.3	39.7	0.8	-31.0	20.3	0.4	-13.1	-12.8
L : Real estate activities	654.9	703.5	604.4	672.4	48.6	-99.1	68.0	7.4	-14.1	11.3	-4.4

	Level				Change			Change., 5			
	2000	2007	2009	2011	2000-2007	2007-2009	2009-2011	2000-2007	2007-2009	2009-2011	2011 as % 2007
M : Professional, scientific and technical activities	317.8	463.4	397.3	475.9	145.7	-66.1	78.5	45.8	-14.3	19.8	2.7
Professional services	290.4	432.3	367.6	448.4	141.9	-64.7	80.8	48.8	-15.0	22.0	3.7
Scientific & technical	27.3	31.1	29.7	27.4	3.8	-1.4	-2.3	13.9	-4.5	-7.8	-11.9
N : Administrative and support service activities	182.3	349.5	311.5	390.5	167.2	-38.0	79.0	91.7	-10.9	25.4	11.7
O : Public administration and defence;	443.5	486.4	525.7	483.0	42.8	39.4	-42.7	9.7	8.1	-8.1	-0.7
Administration of the State and the	179.0	291.0	284.6	251.8	112.0	-6.4	-32.8	62.6	-2.2	-11.5	-13.5
Provision of services to the community	245.3	175.1	221.0	211.6	-70.2	45.9	-9.3	-28.6	26.2	-4.2	20.9
Compulsory social security activities	19.2	20.3	20.2	19.6	1.0	-0.1	-0.6	5.4	-0.4	-2.9	-3.3
P : Education	513.1	603.5	603.9	554.7	90.5	0.4	-49.2	17.6	0.1	-8.2	-8.1
Q : Human health and social work activities	462.1	738.5	774.2	867.7	276.4	35.7	93.5	59.8	4.8	12.1	17.5
R : Arts, entertainment and recreation	97.7	136.1	135.6	126.6	38.4	-0.5	-8.9	39.3	-0.4	-6.6	-6.9
S : Other service activities	155.5	149.2	159.2	179.1	-6.3	10.0	19.9	-4.1	6.7	12.5	20.0
Total	7,110.2	8,830.4	8,378.0	8,866.1	1,720.2	-452.3	488.1	24.2	-5.1	5.8	0.4

Table A2-0-2: Change in Jobs by Detailed Sector, Somerset, 2000-2011

	2001	2008	2011	2001-2008	2008-2011	2001-2011	2001-2008	2008-2011	2001-2011
A : Agriculture, forestry and fishing	8,900	9,800	9,400	900	- 400	500	9.5	-3.8	5.3
B : Mining and quarrying	1,200	800	700	- 400	- 100	- 500	-32.0	-16.8	-43.4
C : Manufacturing	38,600	31,800	31,800	- 6,800	-	- 6,800	-17.6	0.0	-17.6
Advanced manufacturing (excluding	8,900	6,700	7,000	- 2,200	300	- 1,900	-24.3	4.4	-20.9
Aerospace	7,100	5,800	6,700	- 1,300	900	- 400	-18.8	16.2	-5.7
Food, drink & tobacco	7,500	6,700	7,000	- 800	300	- 400	-10.6	5.2	-5.9
Other manufacturing	15,100	12,600	11,000	- 2,500	- 1,600	- 4,100	-16.6	-12.6	-27.1
D : Electricity, gas, steam and air conditioning	1,600	1,000	1,200	- 600	200	- 400	-38.0	17.6	-27.1
E : Water supply; sewage, waste management	1,000	1,300	1,800	300	500	800	26.9	36.7	73.4
F : Construction	11,500	19,600	20,200	8,100	600	8,700	70.8	3.1	76.0
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	44,000	47,900	43,200	3,900	- 4,700	- 800	8.9	-9.8	-1.7
Wholesale & retail trade & repair of motor vehicles & motorcycles and wholesale trade, except of motor vehicles & motorcycles	13,000	15,400	14,200	2,400	- 1,200	1,200	18.7	-7.9	9.3
Retail trade, except of motor vehicles & motorcycles	31,000	32,500	29,000	1,500	- 3,400	- 2,000	4.8	-10.6	-6.4
H : Transportation and storage	9,400	8,500	9,400	- 1,000	900	-	-10.2	11.0	-0.3
I : Accommodation and food service activities	19,800	18,100	18,800	- 1,700	700	- 1,000	-8.7	3.9	-5.1
Accommodation	6,400	5,400	5,800	- 1,000	400	- 600	-16.2	8.0	-9.5
Food & beverage services	13,400	12,700	13,000	- 700	300	- 400	-5.1	2.1	-3.1
J : Information and communication	4,400	4,900	5,000	600	100	600	12.6	1.9	14.8
K : Financial and insurance activities	3,100	2,800	2,800	- 300	- 100	- 300	-8.3	-2.7	-10.8
L : Real estate activities	2,900	4,100	3,000	1,200	- 1,100		39.2	-27.3	1.2
M : Professional, scientific and technical activities	10,100	15,000	15,900	4,900	900	5,800	48.0	6.2	57.1
Professional services	9,200	13,800	15,100	4,600	1,300	5,900	50.5	9.4	64.6
Scientific & technical	1,000	1,200	800	200	- 400	- 100	23.5	-30.1	-13.7
N : Administrative and support service activities	9,400	16,800	15,700	7,400	- 1,100	6,200	77.9	-6.7	65.9

	2001	2008	2011	2001-2008	2008-2011	2001-2011	2001-2008	2008-2011	2001-2011
O : Public administration and defence;	13,600	14,100	12,500	600	- 1,600	- 1,000	4.1	-11.3	-7.7
Administration of the State and the	5,200	5,500	5,700	300	200	500	6.0	3.4	9.5
Provision of services to the community as	7,700	8,000	6,300	300	- 1,700	- 1,400	3.8	-21.2	-18.2
Compulsory social security activities	700	600	500		- 100	- 100	-6.8	-14.9	-20.7
P : Education	17,900	21,700	18,700	3,800	- 3,000	800	20.9	-13.8	4.3
Q : Human health and social work activities	27,400	33,600	35,800	6,200	2,200	8,400	22.7	6.5	30.7
R : Arts, entertainment and recreation	5,200	6,700	6,400	1,500	- 400	1,200	29.2	-5.3	22.4
S : Other service activities	8,800	8,000	7,300	- 800	- 700	- 1,500	-8.8	-8.5	-16.5
Total	239,000	266,600	259,600	27,600	- 7,000	20,600	11.5	-2.6	8.6

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